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APPENDIX A

Examples of Checks to East Chicago Pursuant to the Showboat Agreement That Were Unlawfully Diverted Into the Gaming Trust

APPENDIX A

Examples of Checks to East Chicago Pursuant to the Showboat Agreement That Were Unlawfully Diverted Into the Gaming Trust

<u>Item No.</u>	<u>Check No.</u>	<u>Dated</u>	<u>Drawer</u>	<u>Drawee Bank</u>	<u>Payee</u>	<u>Amount</u>
1	1002075	8/25/1998	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	158,715.17
2	1002752	9/18/1998	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	156,964.80
3	1003589	10/23/1998	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	136,430.64
4	1004377	11/20/1998	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	143,553.39
5	1005202	12/24/1998	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	144,178.59
6	1005834	1/21/1999	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	150,826.81
7	1006773	2/28/1999	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	37,100.68
8	1007702	3/31/1999	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	151,820.87
9	1007794	4/1/1999	Showboat Marina Casino Partnership	NBD Bank, N.A., Merrillville, IN	City of East Chicago	784,055.00
10	1488191	7/20/1999	Harrah's Operating Company, Inc.	Wachovia Bank of Georgia, Augusta, GA	City of East Chicago	177,354.78

APPENDIX B

Examples of Unappropriated Check Payments to Company Defendants from East Chicago's General Fund as Part of the Sidewalks for Votes Scheme

APPENDIX B

Examples of Unappropriated Check Payments to Company Defendants from East Chicago's General Fund as Part of the Sidewalks for Votes Scheme

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
1	02/19/99	Windstorm Enterprises, Inc.	102	94421	2,000.00	
2	02/19/99	Windstorm Enterprises, Inc.	103	94421	600.00	
3	02/19/99	Windstorm Enterprises, Inc.	1005	94421	525.00	
4	02/19/99	Windstorm Enterprises, Inc.	1006	94421	1,050.00	
5	02/19/99	Windstorm Enterprises, Inc.	1007	94421	900.00	
						5,075.00
6	03/09/99	A&A Enterprises	1207	94514	74,883.20	
						74,883.20
7	03/09/99	A&A Enterprises	1208	94513	26,539.80	
						26,539.80
8	03/11/99	Ace Enterprise	1169	94544	22,978.60	
9	03/11/99	Ace Enterprise	1170	94544	23,318.32	
						46,296.92
10	03/11/99	Windstorm Enterprises, Inc.	104	94539	1,400.00	
11	03/11/99	Windstorm Enterprises, Inc.	107	94539	2,500.00	
						3,900.00
12	03/11/99	Windstorm Enterprises, Inc.	118	94551	1,100.00	
13	03/11/99	Windstorm Enterprises, Inc.	119	94551	600.00	
14	03/11/99	Windstorm Enterprises, Inc.	120	94551	1,200.00	
15	03/11/99	Windstorm Enterprises, Inc.	121	94551	1,500.00	
16	03/11/99	Windstorm Enterprises, Inc.	122	94551	600.00	
17	03/11/99	Windstorm Enterprises, Inc.	123	94551	500.00	
18	03/11/99	Windstorm Enterprises, Inc.	124	94551	1,200.00	
19	03/11/99	Windstorm Enterprises, Inc.	125	94551	600.00	
						7,300.00
20	03/16/99	Calumet Concrete and Masonry	2258	94579	86,820.50	
						86,820.50
21	03/16/99	Roger & Sons Construction	88120-10	94607	43,996.50	
22	03/16/99	Roger & Sons Construction	88120-11	94607	63,034.00	
23	03/16/99	Roger & Sons Construction	88120-12	94607	88,314.00	

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
24	03/16/99	Roger & Sons Construction	88120-8	94607	61,082.00	256,426.50
25	03/16/99	Windstorm Enterprises, Inc.	126	94608	3,900.00	
26	03/16/99	Windstorm Enterprises, Inc.	127	94608	600.00	
27	03/16/99	Windstorm Enterprises, Inc.	128	94608	1,200.00	
28	03/16/99	Windstorm Enterprises, Inc.	129	94608	1,200.00	
29	03/16/99	Windstorm Enterprises, Inc.	130	94608	1,000.00	
30	03/16/99	Windstorm Enterprises, Inc.	131	94608	1,300.00	
31	03/16/99	Windstorm Enterprises, Inc.	132	94608	3,000.00	
32	03/16/99	Windstorm Enterprises, Inc.	133	94608	1,800.00	
33	03/16/99	Windstorm Enterprises, Inc.	134	94608	3,050.00	
34	03/16/99	Windstorm Enterprises, Inc.	135	94608	2,800.00	
35	03/16/99	Windstorm Enterprises, Inc.	136	94608	1,800.00	
36	03/16/99	Windstorm Enterprises, Inc.	155	94608	1,000.00	
37	03/16/99	Windstorm Enterprises, Inc.	156	94608	200.00	
38	03/16/99	Windstorm Enterprises, Inc.	157	94608	1,300.00	
39	03/16/99	Windstorm Enterprises, Inc.	158	94608	2,000.00	
40	03/16/99	Windstorm Enterprises, Inc.	159	94608	100.00	
41	03/16/99	Windstorm Enterprises, Inc.	160	94608	2,400.00	33,100.00
42	03/16/99	Windstorm Enterprises, Inc.	161	94608	1,750.00	
43	03/16/99	Windstorm Enterprises, Inc.	162	94608	1,600.00	
44	03/16/99	Windstorm Enterprises, Inc.	163	94608	600.00	
45	03/16/99	Windstorm Enterprises, Inc.	164	94608	500.00	
46	03/31/99	Windstorm Enterprises, Inc.	165	94659	5,100.00	
47	03/31/99	Windstorm Enterprises, Inc.	166	94659	1,100.00	
48	03/31/99	Windstorm Enterprises, Inc.	167	94659	1,500.00	
49	03/31/99	Windstorm Enterprises, Inc.	168	94659	6,900.00	
50	03/31/99	Windstorm Enterprises, Inc.	169	94659	3,800.00	
51	03/31/99	Windstorm Enterprises, Inc.	171	94659	1,500.00	
52	03/31/99	Windstorm Enterprises, Inc.	172	94659	1,800.00	
53	03/31/99	Windstorm Enterprises, Inc.	173	94659	900.00	
54	03/31/99	Windstorm Enterprises, Inc.	174	94659	900.00	
55	03/31/99	Windstorm Enterprises, Inc.	188	94659	1,800.00	
56	03/31/99	Windstorm Enterprises, Inc.	189	94659	1,700.00	27,000.00

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
57	04/02/99	A&A Enterprises	1209	95377	70,478.16	
58	04/02/99	Ace Enterprise	1171	95378	52,791.80	
						52,791.80
59	04/02/99	B & S Construction	45	95386	7,211.88	
						7,211.88
60	04/02/99	H & Y Maintenance Company, Inc.	99104	95404	26,100.00	
61	04/02/99	H & Y Maintenance Company, Inc.	99105	95404	30,100.00	
62	04/02/99	H & Y Maintenance Company, Inc.	99106	95404	40,500.00	
63	04/02/99	H & Y Maintenance Company, Inc.	99107	95404	24,824.00	
64	04/02/99	H & Y Maintenance Company, Inc.	99108	95404	11,150.00	
						132,674.00
65	04/02/99	Roger & Sons Construction	98024	95403	22,410.00	
66	04/02/99	Roger & Sons Construction	98025	95403	18,425.00	
67	04/02/99	Roger & Sons Construction	98026	95403	5,330.00	
68	04/02/99	Roger & Sons Construction	98027	95403	19,510.00	
69	04/02/99	Roger & Sons Construction	98028	95403	7,300.00	
70	04/02/99	Roger & Sons Construction	98029	95403	13,200.00	
71	04/02/99	Roger & Sons Construction	98030	95403	14,425.00	
72	04/02/99	Roger & Sons Construction	88120-13	95403	180,152.50	
73	04/02/99	Roger & Sons Construction	88120-14	95403	218,960.50	
						499,713.00
74	04/06/99	B & S Construction	46	95412	50,400.00	
						50,400.00
75	04/06/99	Calumet Concrete and Masonry	2261	95436	74,022.20	
						74,022.20
76	04/06/99	Calumet Concrete and Masonry	2267	95411	35,825.98	
						35,825.98
77	04/06/99	Calumet Concrete and Masonry	2268	95436	71,775.20	
						71,775.20
78	04/06/99	JGM Enterprises Inc.	99511	95405	6,840.00	
79	04/06/99	JGM Enterprises Inc.	99512	95405	5,234.00	
80	04/06/99	JGM Enterprises Inc.	99513	95405	4,298.50	
81	04/06/99	JGM Enterprises Inc.	99521	95405	3,823.50	
82	04/06/99	JGM Enterprises Inc.	99523	95405	3,820.00	
83	04/06/99	JGM Enterprises Inc.	99524	95405	5,037.00	
84	04/06/99	JGM Enterprises Inc.	99525	95405	5,451.00	
85	04/06/99	JGM Enterprises Inc.	99530	95405	4,313.50	

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
86	04/06/99	JGM Enterprises Inc.	99531	95405	3,746.00	
87	04/06/99	JGM Enterprises Inc.	99535	95405	3,073.50	
88	04/06/99	JGM Enterprises Inc.	99538	95405	4,845.00	
89	04/06/99	JGM Enterprises Inc.	99539	95405	1,396.00	
90	04/06/99	JGM Enterprises Inc.	99547	95405	4,095.00	
91	04/06/99	JGM Enterprises Inc.	99548	95405	3,400.00	
						59,373.00
92	04/06/99	Windstorm Enterprises, Inc.	185	95414	270.00	
93	04/06/99	Windstorm Enterprises, Inc.	190	95414	800.00	
94	04/06/99	Windstorm Enterprises, Inc.	191	95414	2,800.00	
95	04/06/99	Windstorm Enterprises, Inc.	192	95414	1,800.00	
96	04/06/99	Windstorm Enterprises, Inc.	193	95414	1,800.00	
97	04/06/99	Windstorm Enterprises, Inc.	194	95414	400.00	
98	04/06/99	Windstorm Enterprises, Inc.	195	95414	300.00	
99	04/06/99	Windstorm Enterprises, Inc.	200	95414	1,300.00	
100	04/06/99	Windstorm Enterprises, Inc.	201	95414	1,900.00	
101	04/06/99	Windstorm Enterprises, Inc.	202	95414	50.00	
102	04/06/99	Windstorm Enterprises, Inc.	203	95414	1,200.00	
103	04/06/99	Windstorm Enterprises, Inc.	204	95414	3,800.00	
104	04/06/99	Windstorm Enterprises, Inc.	205	95414	61,300.00	
105	04/06/99	Windstorm Enterprises, Inc.	206	95414	52,500.00	
106	04/06/99	Windstorm Enterprises, Inc.	207	95414	50,500.00	
107	04/06/99	Windstorm Enterprises, Inc.	208	95414	1,200.00	
						181,920.00
108	04/14/99	JGM Enterprises Inc.	99549	95438	4,336.50	
109	04/14/99	JGM Enterprises Inc.	99553	95438	16,704.50	
110	04/14/99	JGM Enterprises Inc.	99563	95438	18,089.50	
111	04/14/99	JGM Enterprises Inc.	99571	95438	18,439.75	
112	04/14/99	JGM Enterprises Inc.	99580	95438	21,473.50	
113	04/14/99	JGM Enterprises Inc.	99587	95438	6,725.00	
114	04/14/99	JGM Enterprises Inc.	99601	95438	11,119.50	
115	04/14/99	JGM Enterprises Inc.	99602	95438	3,990.00	
						100,878.25
116	04/17/99	B & S Construction	49	95442	24,600.00	
117	04/17/99	B & S Construction	50	95442	30,000.00	
						54,600.00

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
118	04/17/99	Residential Construction	1	95446	25,938.00	
119	04/17/99	Residential Construction	2	95446	22,321.52	
						48,259.52
120	04/17/99	Roger & Sons Construction	88120-17	95465	389,119.00	
						389,119.00
121	04/19/99	Roger & Sons Construction	88120-16	95466	388,397.50	
						388,397.50
122	04/22/99	A&A Enterprises	1208	95484	91,637.62	
123	04/22/99	A&A Enterprises	1209	95484	7,500.00	
						99,137.62
124	04/22/99	B & S Construction	51	95485	45,000.00	
125	04/22/99	B & S Construction	52	95485	25,000.00	
						70,000.00
126	04/22/99	Calumet Concrete and Masonry	2273	95472	79,919.50	
127	04/22/99	Calumet Concrete and Masonry	2274	95472	60,858.00	
128	04/22/99	Calumet Concrete and Masonry	2276	95472	68,448.00	
129	04/22/99	Calumet Concrete and Masonry	2277	95472	20,388.00	
						229,613.50
130	04/22/99	H & Y Maintenance Company, Inc.	99109	95477	130,894.00	
131	04/22/99	H & Y Maintenance Company, Inc.	99110	95477	24,005.00	
132	04/22/99	H & Y Maintenance Company, Inc.	99111	95477	87,272.00	
						242,171.00
133	04/22/99	Roger & Sons Construction	94059-4	95467	80,500.00	
134	04/22/99	Roger & Sons Construction	94059-5	95467	42,000.00	
135	04/22/99	Roger & Sons Construction	98042-3	95467	74,500.00	
136	04/22/99	Roger & Sons Construction	98042-4	95467	65,500.00	
						262,500.00
137	04/22/99	Windstorm Enterprises, Inc.	183	95488	250.00	
138	04/22/99	Windstorm Enterprises, Inc.	184	95488	2,700.00	
139	04/22/99	Windstorm Enterprises, Inc.	186	95488	8,281.00	
140	04/22/99	Windstorm Enterprises, Inc.	187	95488	4,480.00	
141	04/22/99	Windstorm Enterprises, Inc.	196	95488	1,300.00	
142	04/22/99	Windstorm Enterprises, Inc.	197	95488	3,300.00	
143	04/22/99	Windstorm Enterprises, Inc.	198	95488	1,800.00	
144	04/22/99	Windstorm Enterprises, Inc.	199	95488	1,200.00	
145	04/22/99	Windstorm Enterprises, Inc.	224	95488	1,300.00	
146	04/22/99	Windstorm Enterprises, Inc.	225	95488	800.00	

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
147	04/22/99	Windstorm Enterprises, Inc.	226	95488	600.00	
148	04/22/99	Windstorm Enterprises, Inc.	227	95488	100.00	
149	04/22/99	Windstorm Enterprises, Inc.	228	95488	300.00	
150	04/22/99	Windstorm Enterprises, Inc.	229	95488	400.00	
151	04/22/99	Windstorm Enterprises, Inc.	230	95488	3,000.00	
152	04/22/99	Windstorm Enterprises, Inc.	231	95488	1,600.00	
153	04/22/99	Windstorm Enterprises, Inc.	232	95488	55,800.00	
154	04/22/99	Windstorm Enterprises, Inc.	233	95488	48,400.00	
155	04/22/99	Windstorm Enterprises, Inc.	234	95488	55,500.00	
156	04/22/99	Windstorm Enterprises, Inc.	235	95488	42,300.00	
						233,411.00
157	04/23/99	T.R.I., Inc.	20271	95506	65,676.50	
158	04/23/99	T.R.I., Inc.	20272	95506	10,018.00	
159	04/23/99	T.R.I., Inc.	20273	95506	55,443.30	
160	04/23/99	T.R.I., Inc.	20274	95506	16,061.50	
161	04/23/99	T.R.I., Inc.	20275	95506	11,137.75	
162	04/23/99	T.R.I., Inc.	20276	95506	24,926.50	
						183,263.55
163	04/26/99	Calumet Concrete and Masonry	2285	95509	72,352.00	
164	04/26/99	Calumet Concrete and Masonry	2286	95509	72,690.00	
165	04/26/99	Calumet Concrete and Masonry	2288	95509	74,940.00	
166	04/26/99	Calumet Concrete and Masonry	2289	95509	72,600.00	
167	04/26/99	Calumet Concrete and Masonry	2290	95509	63,000.00	
168	04/26/99	Calumet Concrete and Masonry	2291	95509	74,496.00	
169	04/26/99	Calumet Concrete and Masonry	2292	95509	36,955.00	
170	04/26/99	Calumet Concrete and Masonry	2293	95509	50,683.00	
171	04/26/99	Calumet Concrete and Masonry	2297	95509	41,537.50	
172	04/26/99	Calumet Concrete and Masonry	2298	95509	68,908.00	
173	04/26/99	Calumet Concrete and Masonry	2299	95509	75,273.50	
						703,435.00
174	04/26/99	JGM Enterprises Inc.	99609	95508	8,782.00	
175	04/26/99	JGM Enterprises Inc.	99610	95508	14,528.00	
176	04/26/99	JGM Enterprises Inc.	99612	95508	12,465.50	
177	04/26/99	JGM Enterprises Inc.	99613	95508	7,057.00	
178	04/26/99	JGM Enterprises Inc.	99624	95508	6,436.00	
179	04/26/99	JGM Enterprises Inc.	99625	95508	11,995.50	
180	04/26/99	JGM Enterprises Inc.	99626	95508	8,336.00	

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
181	04/26/99	JGM Enterprises Inc.	99627	95508	12,186.00	
182	04/26/99	JGM Enterprises Inc.	99631	95508	5,985.00	
183	04/26/99	JGM Enterprises Inc.	99632	95508	5,654.00	
184	04/26/99	JGM Enterprises Inc.	99633	95508	9,460.00	
185	04/26/99	JGM Enterprises Inc.	99635	95508	8,400.50	
186	04/26/99	JGM Enterprises Inc.	99639	95508	7,695.00	
187	04/26/99	JGM Enterprises Inc.	99640	95508	3,584.00	
188	04/26/99	JGM Enterprises Inc.	99641	95508	3,520.00	
189	04/26/99	JGM Enterprises Inc.	99642	95508	6,334.50	
190	04/26/99	JGM Enterprises Inc.	99644	95508	6,224.00	
191	04/26/99	JGM Enterprises Inc.	99648	95508	4,834.00	
192	04/26/99	JGM Enterprises Inc.	99649	95508	7,309.50	
193	04/26/99	JGM Enterprises Inc.	99650	95508	4,707.50	
194	04/26/99	JGM Enterprises Inc.	99651	95508	4,704.00	
195	04/26/99	JGM Enterprises Inc.	99652	95508	7,050.00	
196	04/26/99	JGM Enterprises Inc.	99653	95508	2,756.00	
						170,004.00
197	04/28/99	A&A Enterprises	1209	95517	43,184.58	
						43,184.58
198	04/28/99	H & Y Maintenance Company, Inc.	99113	95519	271,420.00	
199	04/28/99	H & Y Maintenance Company, Inc.	99114	95519	89,375.00	
						360,795.00
200	04/29/99	Ace Enterprise	1174	95544	63,162.00	
201	04/29/99	Ace Enterprise	1175	95544	20,475.00	
202	04/29/99	Ace Enterprise	1176	95544	80,162.00	
203	04/29/99	Ace Enterprise	1177	95544	34,202.00	
						198,001.00
204	04/29/99	Roger & Sons Construction	88120-21	95536	727,680.50	
						727,680.50
205	05/13/99	A&A Enterprises	1210	95564	137,083.14	
						137,083.14
206	05/13/99	A&A Enterprises	1211	95555	9,500.00	
						9,500.00
207	05/13/99	Ace Enterprise	1173	95554	63,898.50	
						63,898.50
208	05/13/99	B & S Construction	54	95556	25,000.00	
						25,000.00

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
209	05/13/99	Calumet Concrete and Masonry	2283	95579	29,750.00	
210	05/13/99	Calumet Concrete and Masonry	2284	95579	12,950.00	
211	05/13/99	Calumet Concrete and Masonry	2300	95579	10,800.00	
						53,500.00
212	05/13/99	Calumet Concrete and Masonry	2301	95561	77,352.00	
213	05/13/99	Calumet Concrete and Masonry	2302	95561	81,884.00	
214	05/13/99	Calumet Concrete and Masonry	2303	95561	56,602.00	
215	05/13/99	Calumet Concrete and Masonry	2304	95561	39,000.00	
216	05/13/99	Calumet Concrete and Masonry	2305	95561	39,898.80	
217	05/13/99	Calumet Concrete and Masonry	2306	95561	47,250.00	
218	05/13/99	Calumet Concrete and Masonry	2307	95561	37,494.00	
219	05/13/99	Calumet Concrete and Masonry	2309	95561	37,200.00	
						416,680.80
220	05/13/99	Calumet Concrete and Masonry	2358	95579	76,200.00	
221	05/13/99	Calumet Concrete and Masonry	2359	95579	66,058.50	
222	05/13/99	Calumet Concrete and Masonry	2360	95579	81,528.00	
223	05/13/99	Calumet Concrete and Masonry	2361	95579	74,625.00	
224	05/13/99	Calumet Concrete and Masonry	2375	95579	69,765.00	
						368,176.50
225	05/13/99	JGM Enterprises Inc.	99666	95563	3,200.00	
226	05/13/99	JGM Enterprises Inc.	99668	95563	4,562.00	
227	05/13/99	JGM Enterprises Inc.	99669	95563	2,596.00	
228	05/13/99	JGM Enterprises Inc.	99670	95563	10,158.00	
229	05/13/99	JGM Enterprises Inc.	99671	95563	12,068.00	
230	05/13/99	JGM Enterprises Inc.	99679	95563	1,716.00	
231	05/13/99	JGM Enterprises Inc.	99681	95563	4,717.00	
232	05/13/99	JGM Enterprises Inc.	99682	95563	3,824.00	
233	05/13/99	JGM Enterprises Inc.	99683	95563	4,846.50	
234	05/13/99	JGM Enterprises Inc.	99685	95563	5,392.00	
235	05/13/99	JGM Enterprises Inc.	99686	95563	6,651.00	
236	05/13/99	JGM Enterprises Inc.	99687	95563	2,215.00	
237	05/13/99	JGM Enterprises Inc.	99688	95563	14,080.00	
238	05/13/99	JGM Enterprises Inc.	99690	95563	1,640.00	
239	05/13/99	JGM Enterprises Inc.	99695	95563	9,089.00	
240	05/13/99	JGM Enterprises Inc.	99696	95563	5,042.00	

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
241	05/13/99	JGM Enterprises Inc.	99697	95563	13,780.00	
242	05/13/99	JGM Enterprises Inc.	99702	95563	1,417.00	
						106,993.50
243	05/13/99	Roger & Sons Construction	88120-18	95558	330,825.00	
244	05/13/99	Roger & Sons Construction	88120-19	95558	138,786.00	
245	05/13/99	Roger & Sons Construction	94059-4A	95558	4,037.54	
246	05/13/99	Roger & Sons Construction	94059-6	95558	12,500.00	
						486,148.54
247	05/14/99	JGM Enterprises Inc.	99708	95587	3,990.00	
248	05/14/99	JGM Enterprises Inc.	99711	95587	2,430.00	
249	05/14/99	JGM Enterprises Inc.	99722	95587	5,784.00	
250	05/14/99	JGM Enterprises Inc.	99726	95587	4,370.00	
251	05/14/99	JGM Enterprises Inc.	99727	95587	1,531.00	
252	05/14/99	JGM Enterprises Inc.	99728	95587	5,407.00	
253	05/14/99	JGM Enterprises Inc.	99729	95587	9,885.00	
254	05/14/99	JGM Enterprises Inc.	99730	95587	5,369.00	
255	05/14/99	JGM Enterprises Inc.	99731	95587	8,431.00	
256	05/14/99	JGM Enterprises Inc.	99732	95587	4,011.00	
257	05/14/99	JGM Enterprises Inc.	99734	95587	5,489.00	
258	05/14/99	JGM Enterprises Inc.	99735	95587	2,822.50	
259	05/14/99	JGM Enterprises Inc.	99736	95587	2,101.00	
260	05/14/99	JGM Enterprises Inc.	99737	95587	4,521.00	
261	05/14/99	JGM Enterprises Inc.	99756	95587	8,431.00	
262	05/14/99	JGM Enterprises Inc.	99758	95587	6,554.00	
263	05/14/99	JGM Enterprises Inc.	99759	95587	11,505.00	
264	05/14/99	JGM Enterprises Inc.	99760	95587	7,260.00	99,891.50
265	05/20/99	Roger & Sons Construction	98053	95600	1,200.00	
266	05/20/99	Roger & Sons Construction	88120-20	95600	43,381.50	
267	05/20/99	Roger & Sons Construction	98066-2	95600	55,244.00	99,825.50
268	05/22/99	JGM Enterprises Inc.	99772	95610	14,891.50	
269	05/22/99	JGM Enterprises Inc.	99779	95610	4,061.00	
270	05/22/99	JGM Enterprises Inc.	99780	95610	10,229.00	
						29,181.50
271	05/27/99	Roger & Sons Construction	98056	95620	51,805.00	
272	05/27/99	Roger & Sons Construction	88120-15	95620	343,703.50	

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
273	05/27/99	Roger & Sons Construction	98034X1	95620	34,464.00	
274	05/27/99	Roger & Sons Construction	98066-15	95620	21,375.00	
						451,347.50
275	06/17/99	Roger & Sons Construction	98066	95686	64,540.00	
276	06/17/99	Roger & Sons Construction	88120-25	95686	422,733.25	
277	06/17/99	Roger & Sons Construction	98066-17	95686	13,325.00	
						500,598.25
278	07/29/99	A&A Enterprises	990003172	97017	203,038.66	
						203,038.66
279	07/29/99	A&A Enterprises	990003197	97040	9,500.00	
						9,500.00
280	07/29/99	Ace Enterprise	990003178	97018	616,268.08	
						616,268.08
281	07/29/99	Calumet Concrete and Masonry	990003214	97053	1,339,026.90	
						1,339,026.90
282	07/29/99	D/S Commercial Equipment	990003179	97022	98,628.00	
						98,628.00
283	07/29/99	H & Y Maintenance Company, Inc.	990003182	97023	494,348.61	
						494,348.61
284	07/29/99	H & Y Maintenance Company, Inc.	990003196	97038	280,544.46	
						280,544.46
285	07/29/99	Residential Construction	990003184	97024	279,580.86	
						279,580.86
286	07/29/99	Roger & Sons Construction	990003192	97031	1,550,287.38	
						1,550,287.38
287	08/19/99	Roger & Sons Construction	98069	97122	42,435.80	
288	08/19/99	Roger & Sons Construction	98069-1	97122	34,736.90	
						77,172.70
289	10/12/99	Rieth-Riley Construction Co.	1	98374	227,935.56	
290	10/12/99	Rieth-Riley Construction Co.	2	98374	18,925.84	
						246,861.40
291	12/31/99	Ace Enterprise	113	99617	151,268.28	
292	12/31/99	Ace Enterprise	116	99617	148,731.72	
						300,000.00

APPENDIX C

Examples of Unappropriated Check Payments to Company Defendants from the Gaming Trust as Part of the Sidewalks for Votes Scheme

APPENDIX C

Examples of Unappropriated Check Payments to Company Defendants from the Gaming Trust as Part of the Sidewalks for Votes Scheme

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>
1	7/29/1999	A & A Enterprises	990003190	97028	100,000.00
2	7/29/1999	D/S Commercial Equipment	990003195	97037	9,976.53
3	7/29/1999	Roger and Sons Construction	990003193	97032	1,149,712.62
4	7/29/1999	T. R. I., Inc.	990003189	97027	203,200.00
5	7/29/1999	T. R. I., Inc.	990003216	97026	197,226.12
6	7/29/1999	Windstorm Enterprises, Inc.	990003199	97064	263,163.56
7	10/6/1999	H and Y Maintenance Company, Inc.	990003903	98333	23,000.00
8	11/20/1999	H and Y Maintenance Company, Inc.	990003958	98469	120,000.00
9	12/31/1999	A & A Enterprises	Jan 00	99623	10,910.07
10	12/31/1999	Calumet Concrete & Masonry	Jan 00	99641	90,696.34
11	12/31/1999	H and Y Maintenance Company, Inc.	Jan 00	99657	16,429.32
12	2/29/2000	A & A Enterprises	AA FEB 00	99774	10,910.07
13	2/29/2000	Calumet Concrete & Masonry	CC FEB 00	99772	90,696.34
14	2/29/2000	H and Y Maintenance Company, Inc.	HY FEB 00	99773	16,429.32
15	2/29/2000	Roger and Sons Construction	Feb 2000	99768	599,789.00
16	3/31/2000	A & A Enterprises	MAR2000	99943	10,910.07
17	3/31/2000	Calumet Concrete & Masonry	MARCH 00	99940	90,696.34
18	3/31/2000	H and Y Maintenance Company, Inc.	MAR 00	99941	16,429.32
19	4/3/2000	A & A Enterprises	APR 00	100415	10,910.07
20	4/3/2000	Calumet Concrete & Masonry	APR 00	100421	90,696.34
21	4/3/2000	H and Y Maintenance Company, Inc.	APR 00	100459	16,429.32
22	5/12/2000	A & A Enterprises	MAY 2000	101014	10,910.07
23	5/12/2000	Ace Enterprise	200001503	101015	124,348.60

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>
24	5/12/2000	Calumet Concrete & Masonry	MAY 2000	101027	90,696.34
25	5/12/2000	H and Y Maintenance Company, Inc.	MAY 2000	101060	16,429.32
26	6/9/2000	A & A Enterprises	JUN 00	101555	10,910.07
27	6/9/2000	Calumet Concrete & Masonry	JUN 00	101576	90,696.34
28	6/9/2000	H and Y Maintenance Company, Inc.	JUN 00	101612	16,429.32
29	6/9/2000	H and Y Maintenance Company, Inc.	JUL 00	101612	16,429.32
30	7/14/2000	A & A Enterprises	JULY 2000	102351	10,910.07
31	7/14/2000	Calumet Concrete & Masonry	JULY 2000	102375	90,696.34
32	8/11/2000	A & A Enterprises	AUG 2000	102865	10,910.07
33	8/11/2000	A & A Enterprises	JULY DUPL	102866	10,910.07
34	8/11/2000	Calumet Concrete & Masonry	AUGUST 2000	102896	90,696.34
35	8/11/2000	H and Y Maintenance Company, Inc.	AUG 2000	102858	16,429.32
36	8/11/2000	H and Y Maintenance Company, Inc.	SEPT 2000	102858	16,429.32
37	8/11/2000	H and Y Maintenance Company, Inc.	OCT 2000	102858	16,429.32
38	8/11/2000	H and Y Maintenance Company, Inc.	NOV 2000	102858	16,429.32
39	8/11/2000	H and Y Maintenance Company, Inc.	DEC 2000	102858	16,429.32
40	8/11/2000	H and Y Maintenance Company, Inc.	JAN 2001	102858	16,429.32
41	9/8/2000	A & A Enterprises	SEPT 2000	103372	10,910.07
42	9/8/2000	Calumet Concrete & Masonry	SEPT 2000	103397	90,696.34
43	9/22/2000	H and Y Maintenance Company, Inc.	FEB 2001	103581	16,429.32
44	10/13/2000	A & A Enterprises	OCT 2000	103790	10,910.07
45	10/13/2000	Calumet Concrete & Masonry	OCT 2000	103805	90,696.34
46	11/1/2000	H and Y Maintenance Company, Inc.	NOV 00	103895	16,429.32
47	11/9/2000	A & A Enterprises	NOV 2000	104224	10,910.07
48	11/9/2000	Calumet Concrete & Masonry	NOV 2000	104246	90,696.34
49	11/9/2000	H and Y Maintenance Company, Inc.	NOV 2000-2	104281	16,429.32
50	12/15/2000	A & A Enterprises	DEC 2000	104808	10,910.07
51	12/15/2000	Calumet Concrete & Masonry	DEC 2000	104842	90,696.34

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>
52	12/15/2000	H and Y Maintenance Company, Inc.	DEC #2 00	104869	16,429.32
53	12/30/2000	H and Y Maintenance Company, Inc.	H&Y 00	105658	16,429.32
54	1/24/2001	A & A Enterprises	JAN 01	106206	10,910.07
55	1/24/2001	Calumet Concrete & Masonry	JAN 2001	106209	90,696.34
56	1/30/2001	A & A Enterprises	FEB 2001	106268	10,910.07
57	1/30/2001	Calumet Concrete & Masonry	FEB 2001	106274	90,696.34
58	1/30/2001	H and Y Maintenance Company, Inc.	FEB 2001 A	106278	16,429.32
59	1/30/2001	Residential Construction Service	FEB 2001	106285	7,357.02
60	3/15/2001	A & A Enterprises	MARCH 2001	106569	10,910.07
61	3/15/2001	Calumet Concrete & Masonry	MAR 2001	106789	90,696.34
62	3/15/2001	H and Y Maintenance Company, Inc.	MARCH 2001	106664	16,429.32
63	3/15/2001	Residential Construction Service	MARCH 2001	106736	7,357.02
64	3/23/2001	Dave's Tree Service	MAR 01	106900	50,000.00
65	4/12/2001	A & A Enterprises	APRIL 2001	107357	10,910.07
66	4/12/2001	Calumet Concrete & Masonry	APRIL 2001	107396	90,696.34
67	4/12/2001	Calumet Concrete & Masonry	APRIL TREE	107393	12,500.00
68	4/12/2001	Dave's Tree Service	APRIL TREE	107416	35,000.00
69	4/12/2001	H and Y Maintenance Company, Inc.	APRIL 2001	107454	16,429.32
70	4/12/2001	Residential Construction Service	APRIL 2001	107530	7,357.02
71	5/11/2001	A & A Enterprises	MAY 2001	107921	10,910.07
72	5/11/2001	Calumet Concrete & Masonry	MAY 2001	107952	90,696.34
73	5/11/2001	Calumet Concrete & Masonry	MAY TREE	107949	12,500.00
74	5/11/2001	Dave's Tree Service	MAY TREE	107970	22,500.00
75	5/11/2001	H and Y Maintenance Company, Inc.	MAY 2001	108010	16,429.32
76	5/11/2001	Residential Construction Service	MAY 2001	180082	7,357.02
77	6/14/2001	A & A Enterprises	JUNE 2001	108458	10,910.07
78	6/14/2001	Calumet Concrete & Masonry	JUNE 2001	108500	90,696.34
79	6/14/2001	Calumet Concrete & Masonry	JUNE TREE	108496	12,500.00

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>
80	6/14/2001	Dave's Tree Service	JUNE TREE	108511	22,500.00
81	6/14/2001	H and Y Maintenance Company, Inc.	JUNE 2001	108537	16,429.32
82	6/14/2001	Residential Construction Service	JUNE 2001	108593	7,357.02
83	6/22/2001	Ace Enterprise	JUL-DEC 2001	108640	13,622.43
84	7/13/2001	A & A Enterprises	JULY 2001	109027	10,910.07
85	7/13/2001	Calumet Concrete & Masonry	JULY 2001	109037	90,696.34
86	7/13/2001	Calumet Concrete & Masonry	JULY TREE	109034	12,500.00
87	7/13/2001	Dave's Tree Service	JULY TREE	109039	22,500.00
88	7/13/2001	H and Y Maintenance Company, Inc.	JULY 2001	109045	16,429.32
89	7/13/2001	Residential Construction Service	JULY 2001	109066	7,357.02
90	8/10/2001	A & A Enterprises	AUGUST 2001	109636	10,910.07
91	8/10/2001	Calumet Concrete & Masonry	AUGUST 2001	109675	90,696.34
92	8/10/2001	Calumet Concrete & Masonry	AUG TREE	109672	12,500.00
93	8/10/2001	Dave's Tree Service	AUG TREE	109688	22,500.00
94	8/10/2001	Residential Construction Service	AUG 2001	109767	7,357.02
95	9/14/2001	A & A Enterprises	SEPT 01	110246	10,910.07
96	9/14/2001	Calumet Concrete & Masonry	SEPT 2001	110295	90,696.34
97	9/14/2001	Calumet Concrete & Masonry	SEPT TREE	110291	12,500.00
98	9/14/2001	Dave's Tree Service	SEPT TREE	110307	22,500.00
99	9/14/2001	Residential Construction Service	SEPT 2001	110397	7,357.02
100	10/12/2001	A & A Enterprises	OCT 2001	110760	10,910.07
101	10/12/2001	Calumet Concrete & Masonry	AUGUST 2001	110791	90,696.34
102	10/12/2001	Calumet Concrete & Masonry	OCT TREE	110788	12,500.00
103	10/12/2001	Residential Construction Service	OCT 2001	110908	7,357.02

APPENDIX D

Examples of Unappropriated Wire Transfers as Part of the Sidewalks for Votes Scheme

APPENDIX D

Examples of Unappropriated Wire Transfers as Part of the Sidewalks for Votes Scheme

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Wire Total</u>
1	05/13/99	Windstorm Enterprises, Inc.	236	95557	1,700.00	
2	05/13/99	Windstorm Enterprises, Inc.	237	95557	3,900.00	
3	05/13/99	Windstorm Enterprises, Inc.	238	95557	1,500.00	
4	05/13/99	Windstorm Enterprises, Inc.	239	95557	1,200.00	
5	05/13/99	Windstorm Enterprises, Inc.	240	95557	1,500.00	
6	05/13/99	Windstorm Enterprises, Inc.	241	95557	1,500.00	
7	05/13/99	Windstorm Enterprises, Inc.	242	95557	1,500.00	
8	05/13/99	Windstorm Enterprises, Inc.	243	95557	3,800.00	
9	05/13/99	Windstorm Enterprises, Inc.	244	95557	6,300.00	
10	05/13/99	Windstorm Enterprises, Inc.	245	95557	1,800.00	
11	05/13/99	Windstorm Enterprises, Inc.	246	95557	5,000.00	
12	05/13/99	Windstorm Enterprises, Inc.	247	95557	200.00	
13	05/13/99	Windstorm Enterprises, Inc.	248	95557	100.00	
14	05/13/99	Windstorm Enterprises, Inc.	249	95557	400.00	
15	05/13/99	Windstorm Enterprises, Inc.	250	95557	2,200.00	
16	05/13/99	Windstorm Enterprises, Inc.	251	95557	4,800.00	
17	05/13/99	Windstorm Enterprises, Inc.	252	95557	3,000.00	
18	05/13/99	Windstorm Enterprises, Inc.	253	95557	3,800.00	
19	05/13/99	Windstorm Enterprises, Inc.	254	95557	4,500.00	
20	05/13/99	Windstorm Enterprises, Inc.	255	95557	7,700.00	
21	05/13/99	Windstorm Enterprises, Inc.	256	95557	12,000.00	
22	05/13/99	Windstorm Enterprises, Inc.	257	95557	1,800.00	
23	05/13/99	Windstorm Enterprises, Inc.	258	95557	900.00	
24	05/13/99	Windstorm Enterprises, Inc.	259	95557	900.00	
25	05/13/99	Windstorm Enterprises, Inc.	260	95557	1,800.00	
26	05/13/99	Windstorm Enterprises, Inc.	261	95557	1,300.00	
27	05/13/99	Windstorm Enterprises, Inc.	262	95557	1,600.00	
28	05/13/99	Windstorm Enterprises, Inc.	263	95557	900.00	
29	05/13/99	Windstorm Enterprises, Inc.	264	95557	900.00	
30	05/13/99	Windstorm Enterprises, Inc.	265	95557	1,800.00	
31	05/13/99	Windstorm Enterprises, Inc.	266	95557	8,000.00	
32	05/13/99	Windstorm Enterprises, Inc.	267	95557	8,600.00	

<u>Item No.</u>	<u>Date</u>	<u>Company Defendant Payee</u>	<u>Invoice No.</u>	<u>Warrant No.</u>	<u>Amount</u>	<u>Warrant Total</u>
33	05/13/99	Windstorm Enterprises, Inc.	268	95557	1,400.00	
34	05/13/99	Windstorm Enterprises, Inc.	269	95557	200.00	
35	05/13/99	Windstorm Enterprises, Inc.	270	95557	300.00	
36	05/13/99	Windstorm Enterprises, Inc.	271	95557	1,800.00	
37	05/13/99	Windstorm Enterprises, Inc.	272	95557	1,000.00	
38	05/13/99	Windstorm Enterprises, Inc.	273	95557	6,500.00	
39	05/13/99	Windstorm Enterprises, Inc.	274	95557	1,800.00	
40	05/13/99	Windstorm Enterprises, Inc.	275	95557	3,200.00	
41	05/13/99	Windstorm Enterprises, Inc.	276	95557	4,900.00	
42	05/13/99	Windstorm Enterprises, Inc.	277	95557	7,900.00	
43	05/13/99	Windstorm Enterprises, Inc.	278	95557	3,700.00	
44	05/13/99	Windstorm Enterprises, Inc.	279	95557	6,700.00	
45	05/13/99	Windstorm Enterprises, Inc.	280	95557	2,700.00	
46	05/13/99	Windstorm Enterprises, Inc.	282	95557	35,000.00	
						174,000.00
47	05/13/99	Residential Construction	4	95578	38,922.00	
						38,922.00
48	05/13/99	H & Y Maintenance Company, Inc.	99112	95567	81,150.25	
49	05/13/99	H & Y Maintenance Company, Inc.	99115	95567	205,522.00	
						286,672.25

APPENDIX E

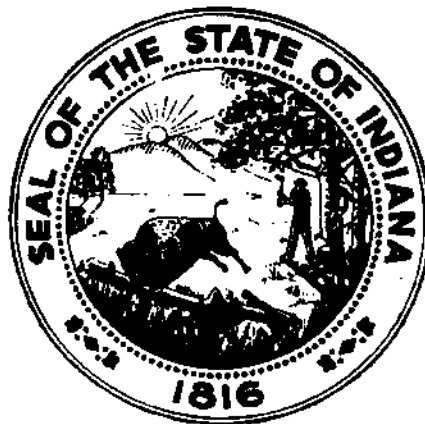
SBOA Audit Report B17309 dated November 6, 2001

STATE BOARD OF ACCOUNTS
302 West Washington Street
4th Floor, Room E418
INDIANAPOLIS, INDIANA 46204-2738

**AUDIT REPORT
OF**

**CITY CONTROLLER
CITY OF EAST CHICAGO
LAKE COUNTY, INDIANA**

January 1, 2000 to December 31, 2000



FILED

NOV 06 2001

Charles J. [Signature]
STATE EXAMINER

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Mr. Edwardo Maldonado	01-01-00 to 12-31-01
Mayor	Mr. Robert A. Pastrick	01-01-00 to 12-31-03
President of the Board of Public Works	Mr. George E. Weems	01-01-00 to 12-31-01
President of the Common Council	Mr. Frank Kollintzas	01-01-00 to 12-31-01



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Fax: (317) 232-4711
Web Site: www.state.in.us/sboa

TO: THE OFFICIALS OF THE CITY OF EAST CHICAGO

We have audited the records of the City Controller, for the period January 1, 2000, to December 31, 2000, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of the City of East Chicago, Lake County, for the year 2000.

STATE BOARD OF ACCOUNTS

May 17, 2001

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS

NONPUBLIC DISBURSEMENTS

As stated in prior Audit Report No. B14919, in 1999, the City began a sidewalk and curb replacement program. The total estimated cost of the program was \$13,879,969. Since the claims submitted by the contractors at that time lacked sufficient detail to determine where the work was performed, we were unable to verify that the sidewalk and curb replacements were on City owned property. Subsequently, the City hired an outside consultant to determine the location of the sidewalks and curbs which were replaced.

Based on the results from the outside consultant, the City entered into informal agreements with seven contractors to pay for the "nonpublic concrete work performed" by each contractor. The following table details the total per agreements, payments made by the City from December 1999 to June 30, 2001, and the amount still owed:

	Total Per Agreement	Payments Made December 1999 to June 30, 2001	Amount Still Owed
Calumet Concrete & Masonry	\$ 2,169,013.51	\$ 1,632,534.12	\$ 536,479.39
H and Y Maintenance Co. Inc.	392,909.05	377,874.36	15,034.69
A and A Enterprise	260,915.69	207,291.33	53,624.36
Ace Enterprise	54,297.07	54,489.81	(192.74)
Residential Construction Services	144,212.20	100,468.44	43,743.76
Daves Tree Service	200,000.00	130,000.00	70,000.00
Calumet Concrete (Trees)	150,000.00	37,500.00	112,500.00
Totals	<u>\$ 3,371,347.52</u>	<u>\$ 2,540,158.06</u>	<u>\$ 831,189.46</u>

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

Indiana Code 5-13-4-20 states, "Public funds" means all fees and funds of whatever kind or character coming into the possession of any public officer by virtue of that office"

Since the Board of Public Works approved the payments to the contractors for the "nonpublic concrete work performed," we request the members of the Board of Public Works to reimburse the City \$2,540,158.06 of public money disbursed for improvements on private property. (See Summary, Page 26)

INTERNAL CONTROLS

We noted the following internal control weaknesses during the course of the audit:

- (1) The City has a Park Nonreverting Operating Fund that is kept at the Park Department and is run through the Park's Petty Cash checking account. This bank account activity and the related fund were not posted to the City's Control ledger or the computerized accounting sys

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

tem. This account was also not being properly reconciled by the Park staff. All transactions audited had to be abstracted from the bank activity. There were \$212,292 in revenues and \$185,090 in expenditures for this fund during 2000, and a cash balance of \$101,642 at the end of 2000.

- (2) The City has a separate bank account that is kept by the Police Department for the DARE program revenues. This bank account activity and the related transactions were not posted to the City's Control ledger or the computerized accounting system. This account was also not being reconciled. All transactions audited had to be abstracted from the bank activity. There were \$4,115 in revenues and \$4,634 in expenditures for this fund during 2000, and a cash balance of \$23 at the end of 2000.
- (3) The City has a separate bank account that is kept by the Department of Redevelopment for the Section 108 Loan revenues. This bank account activity and the related fund were not posted to the City's Control ledger or the computerized accounting system. All transactions audited had to be abstracted from the bank activity. There were \$65,872 in revenues and \$654,985 in expenditures for this fund during 2000, and a cash balance of \$84,597 at the end of 2000.

A similar audit result and comment appeared in prior Audit Report Nos. B09579, B12023, and B14919 covering the calendar years 1997 through 1999.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-5)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-1)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

DISBURSEMENTS IN EXCESS OF AVAILABLE APPROPRIATIONS

The records presented for audit indicated the following disbursements in excess of budgeted appropriations:

<u>Fund/Department</u>	<u>Excess Amount Disbursed</u>
General Fund:	
Mayor	\$ 23,676
Controller	455,995
Data Processing	26,937
Corporation Council	41,097
General Services	45,744
City Clerk	30,108
City Court	45,786
Engineer	15,999
Community Development	10,864
Building Department	16,390
Human Rights	7,154
Public Information	11,893
Personnel	6,654
Special Events	3,217
Inquiries and Complaints	7,137
Police Department	233,963
Fire Department	5,791
Emergency Management and Communication	27,447
Board of Safety Division	50,456
Animal Control	5,292
Health Department	27,445
Air Quality	<u>13,182</u>
Total General Fund	<u>\$ 1,112,227</u>
Special Revenue Fund:	
Public Transportation	\$ 46,019
Showboat Special Revenue	2,122,401
Pension Trust Funds:	
Police Pension Fund	92,102
Firemen's Pension Fund	9,006

A similar audit result and comment has appeared in the prior Audit Report Nos. A92046, A95354, A98015, B00330, B03895, B07294, B09579, B12023, and B14919.

IC 6-1.1-18-4 states in part: "... the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)**

APPROPRIATION OF FUNDS

The City has various funds, in addition to the tax-supported funds, which require appropriations to be approved by the Common Council. For 2000, the Common Council only approved appropriations for the gaming fund and for funds requiring State Board of Tax Commissioner's approval. The following funds required an approved appropriation from the Common Council before disbursements were made for 2000:

1. Fund 204 - General Adult Probation Services
2. Fund 220 - Law Education (Law Enforcement Continuing Education)
3. Fund 208 - Park and Recreation Revolving (Park Nonreverting Operating)
4. Fund 245 - Highway Grants Reimbursable
5. Fund 252 - Weed and Seed Program (Reimbursement Grant)

A similar audit result and comment has appeared in the prior Audit Report Nos. B09579, B12023, and B14919.

Appropriation requirements for several of these funds are as follows:

<u>Fund</u>	<u>Requires Approval of:</u>		<u>IC Reference</u>
	<u>Tax Board</u>	<u>City Council</u>	
Probation Local Law Enforcement Continuing Education	If Tax Dollars No	Yes Yes	35-38-2 5-2-8
Park Nonreverting Operating	No	Yes or Park Board	36-10-3
Federal/State Grants	See Below	Yes	See Below

(Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2000, Page 11)

For federal and state grants, the following applies:

To summarize, no appropriations of federal or state funds are necessary: (1) when advanced directly from the federal or state government for a specific purpose prior to making disbursements, and the money is placed in a separate project fund with disbursements made from that fund; or, (2) when federal or state funds are received in advance through a state agency for a specific purpose prior to making disbursements and the money is placed in a separate project fund with disbursements made from that fund. In all other instances, federal and state funds must be appropriated. (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 1997, Page 6)

UNTIMELY PAYMENT OF INVOICES

During the review of accounts payable at year end, it was noted that in 2001 the City paid invoices which were dated 1998 and 1999 from current appropriations.

Every effort should be made by the Controller and other city or town officials to have bills and claims presented before the end of the year, so that such items shall be charged to the appropriation and disbursement account of the year in which the service or commodity was supplied.

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

A claim of a prior year may be paid in the following year if the prior year's appropriation is properly encumbered and there are sufficient funds available. In order for funds to be encumbered, there must be an outstanding purchase order or contract that supports each encumbered item.

The carry-over of a large amount of unencumbered and unpaid claims will necessitate getting an emergency appropriation for the specific purpose of paying prior years claims. It is emphasized statutes prohibit obligations being incurred prior to appropriations and funds being available! (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 4-5 and 4-6)

OVERDRAWN CASH AND FUND BALANCES/RETAINED EARNINGS

As stated in prior Audit Report No. B14919, the following funds had overdrawn cash and/or fund balances/retained earnings at December 31, 2000:

<u>Fund</u>	<u>Cash Balances</u>	<u>Fund Balances/ Retained Earnings</u>
General Fund	\$ 2,442,729	\$ 3,876,775
Special Revenue Funds:		
Park and Recreation	--	123,232
Public Transportation	116,866	120,496
Women, Infants and Children (WIC)	57,556	31,155
Government Youth Program	280	280
Community Health Center	321,279	321,279
Weed and Seed Program	34,093	--
Debt Service Funds:		
Corporation Bond and Interest	41,822	41,822
Park Bond and Interest	6,934	6,934
Capital Projects Funds:		
Cumulative Development	23,621	23,621
Enterprise Funds:		
Water Utility	2,870,309	--
Internal Service Funds:		
Utilities Revolving	--	111,785
Employees Hospital, Life, and Workman's Compensation	--	824,471
Pension Trust Funds:		
Police Pension	130,142	--
Firemen's Pension	39,096	--
Expendable Trust Fund:		
Showboat Trust	--	1,572,454
Agency Funds:		
Healthy Start	377,076	--
Project Link	49,793	--
Maternal and Child Welfare	1,288	--
Male Involvement Program	78,244	--
Totals	<u>\$ 6,591,128</u>	<u>\$ 7,054,304</u>

CITY CONTROLLER
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AUDIT RESULTS AND COMMENTS
(Continued)

The cash balance of any fund may not reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

POSTING ERRORS

The following deficiencies relating to recordkeeping were present during our audit period:

- (1) The City had \$69,471 in prior years' posting errors recorded as due to and from between the primary government and component unit on the balance sheet as of December 31, 2000.

These due to and from amounts were from 1994, 1996, 1997, and 1998 and were not corrected during 2000.

- (2) Interfund receivables and payables totaling \$541,364 have been recorded at December 31, 2000, to account for several posting errors which occurred in 1996, 1997, 1999, and 2000 and have not yet been corrected.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

ORDINANCES AND RESOLUTIONS

The City did not comply with the following ordinances and/or resolutions:

- (1) The City has trust agreements concerning the Redevelopment Bonds of 1986 and Park Bonds of 1986 capital projects funds. The funds have been dormant since October 8, 1993, and March 1, 1991, respectively. Both agreements state: "Any balance remaining in the Construction Fund after payment of all claims shall be transferred to the City Controller for deposit in the Redevelopment Bond and Interest and Park Bond and Interest Fund, Respectively." However, the City has not closed out the capital projects funds.

The Redevelopment Bonds and Park Bonds will be paid off by year end of 2001. The close out of the capital projects funds needs to occur in 2001 to comply with trust agreements.

- (2) The City's Resolution No. 620 established a Revolving Asset Forfeiture Proceeds Fund. The Resolution stated: "the money deposited in this fund is not to be commingled with any other funds." However, \$100,000 of Build Indiana and \$100,000 of Indiana Law Enforcement Assistance grant funds were deposited into this fund during 2000.

Each government unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

CLAIM APPROVAL

For 2000, claim dockets presented for audit were for the months of January through November. The dockets for January through November were signed by all the Board of Works members. The Board of Works minutes noted that on October 18, 2000, the Board approved claims for the months of January through September 20, 2000. No other approvals were noted in the minutes for 2000. As a result, claims were not approved by the Board of Works prior to payment as required by Indiana Statute for the year of 2000.

IC.5-11-10-2(a) states in part: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid."

CLAIMS

During our audit of the claims process we noted that fifty-four of the eighty-two claims (65%) tested were paid more than thirty-five (35) days after the date of the invoice.

Timely payment is defined, with some exceptions, to occur if "... a check or warrant is mailed or delivered on the date specified for the amount specified in the applicable contract documents, or, if no date is specified, within thirty-five (35) days of receipt of goods or services, or receipt of a properly completed claim ... " (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 61-45)

TRAVEL CLAIMS AND CREDIT CARD POLICY

The City of East Chicago adopted rules and regulations governing the reimbursement of travel and business expenses under Ordinance 3550.

A review of the travel claims and credit card payments revealed the following:

1. There is no ordinance governing the use of City credit cards.
2. Thirty-nine out of fifty-two (75%) credit card claims reviewed were made without proper supporting documentation such as original receipts.
3. One credit card claim for \$2,153.92 was paid twice. One of the checks issued is still outstanding as of May 9, 2001.
4. There were delinquency fees and unidentified charges totaling \$203.13. We have requested that Mr. Eduardo Maldonado, City Controller reimburse the City for these funds. (See Summary, Page 24)

Reimbursement for lodging and meals, should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Manual for Cities and Towns, Page 51-12)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-5 - 6)

CITY REMITTANCE OF COURT COSTS

The City Clerk collects various court costs. Each month the City Clerk remits to the City Controller the previous month's collections for Lake County's share of court costs, infraction judgments and user fees. These collections should be remitted to Lake County on a monthly basis. The City Controller remitted collections only twice during 2000. At the end of 2000, \$2,284 remained in the fund yet to be remitted.

IC 33-19-7-4(b) states in part: "Once each month the city or town fiscal officer shall distribute to the county auditor as the county share twenty percent (20%) of the amount of fees collected . . ."

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS OF GASOLINE REVOLVING FUND

The Gasoline Revolving Fund's reported accounts receivable balance includes the allocation of the 1999 gas usage which was not allocated to the individual City departments. The claims for gas were paid from the Controller's General Fund budget and not the Gasoline Revolving Fund. Thus, a Due To Other Funds is reported for the reimbursement from the Gasoline Revolving Fund to the General Fund.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

CONDITION OF RECORDS OF DATA PROCESSING REVOLVING FUND

As stated in the prior Audit Reports No. B09579, B12023, and B14919, financial records presented for audit were incomplete and not reflective of the activity of the Data Processing Revolving Fund. In addition, the controls over receipting, disbursing, recording, and accounting for the financial activities of the fund were insufficient to provide the needed records. Neither a detail of client billings for 2000 or a detail of accounts receivable were provided for audit.

Of the \$58,459 accounts receivable balance, \$20,819 has been delinquent since 1987 and \$37,640 since 1996. No collection procedures have been established to pursue delinquent accounts.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

CONDITION OF RECORDS OF COMMUNICATIONS REVOLVING FUND

The financial records presented for audit were incomplete and not reflective of the activity of the Communications Revolving Fund. The allocations which were made to departments and other entities did not agree to records which reflected actual costs. Neither a detail of client billings or a detail of accounts receivable ledger for 2000 was provided for audit.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

COMPENSATION

The East Chicago Sanitary District and East Chicago Water Departments have resolutions setting salaries and wages for 2000. These resolutions provided compensation to various city officials and employees connected with the operation of the District and the Department. This compensation is in addition to compensation these individuals receive from the City. However, the resolutions did not receive approval by the East Chicago City Council. A similar audit result and comment appeared in prior Audit Reports B09579, B12023, and B14919.

IC 36-4-7-4 states: "(a) Subject to the approval of the city legislative body, the city executive may provide that city officers and employees receive additional compensation for services that: (1) are performed for the city; (2) are not governmental in nature; and (3) are connected with the operation of a municipal utility or function. (b) Subject to the approval of the executive and legislative body, the administrative agency operating the utility or function shall fix the amount of additional compensation, which shall be paid from the revenues of the utility or function."

PAYROLL

We noted the following during our audit of the payroll process:

- (1) Eighteen of the forty-two (43%) service records reviewed were not kept on prescribed forms. Various departments, mostly Police, Fire and Utilities, have created their own form of service record. Also, the employee's earnings records provided for audit were not kept on prescribed forms. No evidence can be found that these forms used went through the appropriate form approval process.
- (2) The City's salary ordinances set maximum pay rates per classification. An employee's rate of pay is determined by each department head, which forwards a "payroll action form" indicating the employee's rate of pay, not to exceed the maximum allowed. The "payroll action forms" are maintained in the employee's personnel file. An updated "payroll action form" could not be located for twenty-five out of fifty-two (48%) employees reviewed.

The "payroll action forms" are not updated for each employee when a citywide raise is given. Officials stated that in 1999, all employees received a 5% raise, however, no evidence of council approval was provided.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-1)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

UNTIMELY REMITTANCES

During our review of withholding remittances it was noted that twelve of the sixteen quarterly PERF remittances for the Civil City, Water Utility, Police Department and Fire Department were filed late. These ranged from between two to sixty-eight days late.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-7)

PERSONAL PROPERTY USE

The City issued cell phones to various City employees. On October 19, 1999, the Mayor issued an executive order which ceased cell phone usage by City employees. However, several cell phones were either not turned in or service was not discontinued until January 2001.

The City engaged an accounting firm to conduct an analysis of cell phone usage from October 19, 1999, through the cancellation date. A preliminary worksheet of cell phone numbers, names and total amount of charges was provided. The total amount of charges was \$79,981.92, which included \$9,445.55 of "unknown user" or "no user" charges.

In April 2001, the City notified each employee for their respective cell phone charges. Each employee was given an opportunity to view and verify the total amount assessed. The amount deemed to be the responsibility of the employee was required to be reimbursed to the City. The City gave the employee the option of either a one time payment or to sign a promissory note for voluntary wage withholding with the balance due within two years.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 55-3)

Each government unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

CREATING NEW FUNDS

The City created a Court Driving School Program fund in 2000 without the adoption of an ordinance.

The State Board of Accounts is frequently asked if officials of a city or town can establish a new fund for a particular purpose or function. Quite often the municipality wishes to create a nonreverting fund by diverting revenues (usually from the general fund) to accumulate an amount for a specific long-term project or a large purchase. Sometimes, the municipality proposes to appropriate money from the general fund to transfer to the newly created fund. We have been requested to furnish our audit position to these questions.

CITY CONTROLLER
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AUDIT RESULTS AND COMMENTS
(Continued)

IC 36-1-3 is entitled "Home Rule." IC 36-1-3-2 states: "The policy of the state is to grant units all the powers that they need for the effective operation of government as to local affairs." Other sections of the statute restate this premise in various terms.

IC 36-1-3-6 states: "(a) If there is a constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must do so in that manner. (b) If there is no constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must either: (1) adopt an ordinance prescribing a specific manner for exercising the power; or (2) comply with a statutory provision permitting a specific manner for exercising the power. (c) An ordinance under subsection (b) (1) must be adopted as follows: (1) In a municipality, by the legislative body of the municipality. . . ." (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 61-50)

BOND ANTICIPATION NOTES REQUIREMENTS

In 1999, the City sold Bond Anticipation Notes (BANs) to finance capital improvements. Per the BAN, the City was to create a Revenue Fund in which "All Gaming Revenues received by the City are to be deposited in the Revenue Fund." Then "On the last day of each month the City shall transfer all of the Gaming Revenues from the Revenue Fund to the Sinking Fund until the balance in the Sinking Fund equals the principal of and interest due on the BAN's on the next payment date plus any fiscal charges. When such balance is attained, all Gaming Revenues shall be transferred to the Gaming Special Revenue Fund."

The City did not create a Revenue Fund to deposit all gaming revenues received in 2000. The City deposited all gaming revenue to their Showboat Special Revenue Fund. The City did not make monthly transfers from the Showboat Special Revenue Fund into the BAN and Interest 1999 Fund, the BAN's sinking fund. The City made one transfer on June 30, 2000, for the payment due July 1, 2000. The City made another transfer on August 25, 2000, for the payment due January 1, 2001.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

RECEIPT ISSUANCE

The following deficiencies were noted during the review of receipts during the audit period:

1. Of the fifty receipts reviewed, eighteen or 36% of the receipts were dated after the date of the bank deposit.
2. Of the thirty-two report of collections reviewed from the police department, twenty-one or 66% of the receipts were issued anywhere from one to three weeks after remittance to the Controller's office.
3. The building department's permit fees are collected at the controller's office. During busy times, manual receipts are issued for the permit fees so the customer may receive their permit. The manual receipt is then receipted to an official city receipt for posting to ledger. Of the eleven manual receipts reviewed, eight or 73% of the official city's receipts were issued anywhere from one week to four months after the date of issuance of the manual receipt.

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AUDIT RESULTS AND COMMENTS
(Continued)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-10)

CITY CONTROLLER
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EXIT CONFERENCE

The contents of this report were discussed on May 22, 2001, with Mr. Gus Kouros, Council Member; Mr. Edwardo Maldonado, Controller; and Mr. George Weems, Director of Finance. The official response has been made a part of this report and may be found on Pages 18-20.

The Audit Result and Comment pertaining to Nonpublic Disbursements was discussed on August 1, 2001, with Mr. George Weems, President of the Board of Public Works; Mr. Edwardo Maldonado, Controller and Member of the Board of Public Works; and Dr. Timothy Raykovich, Special Assistant to the Mayor. The official response has been made a part of this report and may be found on Pages 21-23.

**City of East Chicago
Response to Indiana State Board of Accounts
City Controller Audit Results and Comments
For the Year Ended December 31, 2000**

Re: Internal Control

Implementation of the plan to post the Park Nonreverting Operating Fund transactions to the City's Control Ledger and the computerized accounting system, as well as the reconciliation process was set back due to the administrative changes in the Park Department. Employees in the Park administrative offices have been advised that all receipts and disbursements must be delivered to the Controller's office for entry into the ledgers and entry into the computerized accounting system.

With respect to the Police Department DARE Program, the City's awareness of the problem and planned action is to notify the appropriate Police Department personnel that all records of receipts and disbursements must be delivered to the Controller's office for entry into the ledgers and entry into the computerized accounting system, with monthly follow-up to insure compliance.

With respect to the Department of Redevelopment for the Section 108 loan monies, the City's awareness of the problem and planned action is the same as that described in the preceding paragraph.

The City regrets that the three cited situations occurred in 2000, and has notified the respective responsible officials of the problem and the City's planned actions.

The Mayor, by Executive Order, has issued guidance to City department directors and fiscal officers of the prohibition regarding the establishment of separate checking accounts.

Re: Disbursements in Excess of Available Appropriations

While it was the City's intent to eliminate the need for a comment this year as in the past, and continued improvement did occur over the prior year, the City agrees with the accuracy of the finding. The City will continue to strengthen procedures in 2001 to avoid any similar prospective re-occurrence.

Re: Appropriation of Funds

The City will appropriate funds 204, 220, 208, 245, and 252 as identified in 2001 to the extent of needed appropriations, and incorporate the budgeting of the funds as a part of the annual budget process (similar to tax supported funds) in subsequent years.

Re: Untimely Payment of Invoices

As a result of unfavorable cash receipts to those estimated for 2000 and certain other cash disbursement needs, the City was forced to withhold payment for many vendors until sufficient cash existed to enable warrant issuance. The City continues to implement procedures from the Mayor's office and outside consultants to improve controls over purchasing procedure and cash disbursement in an overarching effort to reduce operating costs and to improve the City's fiscal situation.

In addition, during 2001 the City Controller's office has intensified the monitoring of compliance with City purchasing procedures honoring purchases in accordance with City policies as evidenced by a City purchase order.

**City of East Chicago
Response to Indiana State Board of Accounts
City Controller Audit Results and Comments
For the Year Ended December 31, 2000**

Re: Overdrawn Cash and Fund Balances/Retained Earnings

As in past years, the City believes some of these situations occur due to the reimbursement nature of the program grants, the continued effect of taxpayer appeal settlements, and reduced revenue. The city also improved in this area over last year. Since the funds cited are a part of an overall pooled bank account, the balances of other funds ensured the overall pooled bank balance was in a positive position. The City has initiated changes in investment policy, additional cash flow forecasting for 2001 and intensified the monitoring and reimbursement follow-up procedures to rectify the noted situation for 2000.

Re: Posting Errors

The City made a concerted effort in 2000 to address 1999 reported deficiencies. During 2001, all noted prior year posting errors will be corrected.

Re: Ordinances and Resolutions

- (1) The City did attempt to close out the funds and thought that the appropriate resolutions had been passed. However, the trustee has yet to make the transfer as requested based on their identified need for additional action. This closing action will be taken in 2001 so that the funds can be closed as the debt is retired in 2001.
- (2) The City has implemented procedures to monitor activity so that deposits from outside sources will not be commingled with the Revolving Asset Forfeiture Proceeds Fund in 2001.

Re: Claim Approval and Claims

The City had revised claim approval procedures in 2000 to require claims to be listed and approved by the Board prior to the issuance of a City warrant for the claim amount. The City will more aggressively monitor procedures in 2001 related to the approval of claim registers in a timely manner.

The City's cash situation in 2000 significantly impacted the City's ability to make more timely payments and at times locate certain transaction substantiating documents. It is the City's intent to pay obligations in a timely and appropriate manner.

Re: Travel Claims and Credit Card Policy

- (1) The City drafted an appropriate ordinance in 2000 and will adopt ordinance as intended, regarding use of credit cards in 2001.
- (2) The ordinance regarding credit card use will stipulate requirements for supporting documentation, such as original receipts and procedures, as set forth in the audit results and comments will be required.
- (3) The City has stopped payment and voided the duplicate payment check as identified.
- (4) The City Controller has already reimbursed the delinquency fees in the amount of \$203.13 as identified.

Re: City Remittance of Court Costs

The City has implemented a corrective policy and designated staff in the Controller's office to forward fees monthly in 2001, including past due amounts identified at the end of 2000.

**City of East Chicago
Response to Indiana State Board of Accounts
City Controller Audit Results and Comments
For the Year Ended December 31, 2000**

Re: Condition of Records of Gasoline Revolving Fund

The City recognized the need for enhanced record keeping procedures and has improved cost allocation that was based on historical cost relationships. The City intends to review and enhance the cost allocation accounting in 2001 based upon current departmental gasoline usage.

Re: Condition of Records of Debt Processing Revolving Fund

The City has sought guidance in the past in an attempt to rectify this overdue matter and will take action by Council in 2001 to write off delinquent receivables as indicated from 1987 and 1996.

Re: Compensation

The City takes exception to the contention that the documents do not appropriately consider and memorialize the matter at issue. The City does agree that the timing of the formal approvals could indicate consideration was not possible. However, the respective bodies had the information available at the same time, and the City Council adopted by reference to the Utilities Division in the Civil City "Salary Ordinance for Appointed Officers and Employees", Section 2.

Re: Payroll

The City agrees with the finding and has again notified the indicated departments of the need for compliance and use of payroll forms as approved.

Re: Untimely Remittances

The City regrets that this situation occurred and has shifted administrative responsibility to insure those 2001 remittances are timely.

Re: Personal Property Use

As noted, the City was aware of cell phone issues related to cell phone usage in 2000. The City will issue a notice to appropriate employees indicating that payments must be made to the City Controller or a promissory note must be signed no later than June 15, 2001.

Re: Creating New Funds

The City will adopt an ordinance relating to the creation of the new fund as noted and monitor procedures to avoid subsequent oversights.

Re: Bond Anticipation Notes Requirements

The City insured pledged gaming receipts were restricted for debt service until such a time that restricted receipts equaled the amount required to be paid pursuant to the terms of the BAN documents. The City did not realize a separate revenue account needed to be maintained for the reserved funds. No use was made of any restricted gaming receipts until the required debt service amount had been accumulated. The City will take corrective action as soon as possible in 2001, and according to the timing of repayment requirements.

Re: Receipt Issuance

The City agrees improvement is necessary and continued training has already been given to the appropriate individuals to highlight the need for precision for the matter highlighted.

August 14, 2001

WRITER'S DIRECT NUMBER: (312) 726-8106

direct fax: (312) 641-6263

internet: shawhan@icemiller.com

Charles Johnson III, CPA
State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, Indiana 46204

RE: Reply to City of East Chicago Supplemental Audit Results and Comments

Dear State Examiner:

Ice Miller has been asked to provide a response to the Supplemental Audit Results and Comments that the City of East Chicago were received on August 1, 2001, after the exit interview held in June, 2001. The City strenuously disagrees with the conclusion that members of the Board of Works should reimburse the City for payments to contractors for "nonpublic concrete work" for the following reasons:

1. The riverboat moneys used to make payments for the "nonpublic concrete work" were not "public funds". The riverboat moneys are required by a Declaration of Charitable Expendable Trust (the "Declaration of Trust") between the riverboat operator and the City, dated August 7, 1996, to be deposited upon receipt into the Gaming Incentives Expendable Trust Fund (the "Trust Fund"). The City Controller serves as the trustee for the Trust Fund. These riverboat moneys are analogous to gifts and grants from private sources made to Indiana University, or to the Foundation for the university's use or benefit. In State Board of Accounts v. Indiana University, 647 N.E.2d 342 (Ind.App. 1995), the Court held that such moneys from private sources retained their private character in the hands of the foundation or university and are not "public funds" as that term is used in IC 5-11-1-16 for the purposes of the State Board of Accounts statute. Similarly, the riverboat moneys retained their private character and could be used for any purpose authorized by the Declaration of Trust, including paying for nonpublic concrete work that improved property values within the City.

The use of riverboat moneys deposited in the Trust Fund is governed by the Declaration of Trust. It provides for a specific list of permitted uses, many of which are private, not public, in nature. It further provides that the Trust Fund may be allocated for costs recommended by the Executive Finance Committee that are "in the best interests of the City, including but not limited for the benefit of economic development, education and community development." The nonpublic concrete work fits within the purposes of the Declaration of Trust, and there is no question about whether the expenditures for that work were duly approved.

2. The "nonpublic concrete work" to which you referred served a public purpose. The

private benefit was incidental to the public purpose. Indiana courts have long held that economic development and redevelopment constitute public purposes for which public funds can lawfully be expended. The "nonpublic concrete work" was essential to the redevelopment of neighborhoods within the City. Only the availability of funds prevented the City from being able to do additional redevelopment work in its neighborhoods.

3. Even if the riverboat moneys are mistakenly characterized as public funds, they are not tax dollars and could not, by statute, be used to reduce property taxes. Who then could have been harmed by the use of these moneys to improve property within the City.

4. The riverboat moneys used to make the payments are not a portion of the City's statutory distributive share. Provision of this money was negotiated for by representatives of the City as part of the licensing process for the grant of the original license. It was recently extended for any renewal of the license. Article IV of the Declaration of Trust clearly states that the Trust Fund is for "contributions to be received by the City ... that are not specifically required by Indiana Statute" The purpose for negotiating for these contributions was to enable the City to do things for its residents that it could not otherwise do.

5. The riverboat moneys could have been funneled through East Chicago Community Foundation, Inc. (the "Foundation") rather than deposited with the City into the Trust Fund. The Foundation was designed to fund projects within the City which will enhance the development of communities within the City. One of the community development projects to which the original riverboat operator specifically committed was a landscape and sidewalk improvement program. Parts of that program and the project related to assisting individuals in the purchase of new homes are essentially private in nature but contribute to the overall economic well being of the City. There is no question that the same result would have been achieved if the riverboat moneys had been deposited with the Foundation rather than the City. There is no statute which directed that the riverboat moneys had to be deposited with the City; only the Declaration of Trust provides that direction.

6. Other riverboat money has been contributed to the Foundation, the Twin City Education Foundation, Inc. which provides scholarships to private individuals and other funding for education programs, and East Chicago Second Century, Inc. which is designed to further development within the City. All of these quasi-public entities were free to and have with their share of riverboat money assisted private persons. The Board of Public Works was justified in analogizing the City to those entities in its use of riverboat moneys to pay for concrete improvements that connected to the sidewalks that the Board had contracted to construct.

In summary, the City believes that any one or more of the foregoing reasons sanctions the use of riverboat moneys to pay for the "nonpublic concrete work". The City strongly objects to the Board of Accounts' request that the individual members of the Board of Works reimburse the City for such disbursements. None of the members of the Board of Works have benefitted personally from the disbursements, and all such disbursements were made to improve the economic viability

of the City and its residents.

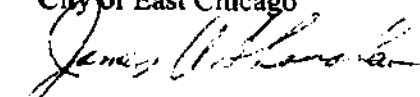
The City also objects to the timeliness of the Audit Results and Comments. Contrary to the assertion made in the Comments received on August 1, 2001, the results of the work of the outside consultant hired by the City were provided to the State Board of Accounts in connection with the City's 1999 audit which was done in 2000. The 1999 audit did not question the "nonpublic concrete work" even though all relevant information had been provided to the State Board of Accounts. Had the issue been raised in 2000, it could have been resolved before substantial payments had been made.

The State Board of Accounts again failed to question the propriety of the "nonpublic concrete work" at the original exit interview following the City's 2000 audit in June 2001. This second failure resulted in several more payments being made before a question was raised.

The actions of the State Board of Accounts in 2000 related to the 1999 audit and June 2001 related to the 2000 audit further supported the belief held by the members of the Board of Public Works that they were acting consistent with the dictates of Indiana law and the Declaration of Trust which governs the City's use of these riverboat moneys.

Very truly yours,

ICE MILLER, as counsel to the
City of East Chicago



James A. Shanahan

JAS/tv

CITY CONTROLLER
CITY OF EAST CHICAGO
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Members of the Board of Public Works:			
Mr. George E. Weems			
Mr. Edwardo Maldonado			
Mr. Frank Miskowski			
Nonpublic Disbursements, Page 4	\$ 2,540,158.06	\$	-- \$ 2,540,158.06
Mr. Edwardo Maldonado, City Controller,			
Travel Claims and Credit Card Policy,			
Pages 10 and 11			
Reimbursed by Edwardo Maldonado, May 22, 2001	<u>203.13</u>	<u>203.13</u>	<u>--</u>
Totals	<u>\$ 2,540,361.19</u>	<u>\$ 203.13</u>	<u>\$ 2,540,158.06</u>

AFFIDAVIT

STATE OF INDIANA)
) SS:
LAKE COUNTY)

We, Cynthia David and Christina Spitz, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the City of East Chicago, Lake County, Indiana, for the period from January 1, 2000, to June 30, 2001, is true and correct to the best of our knowledge and belief.

C. D. D.
Christina Spitz
Field Examiners

Subscribed and sworn to before me this 18th day of September, 2001.

Shirlanda L. Dowd
Notary Public

My Commission Expires: August 17, 2008
County of Residence: Lake

SHIRLONDA L. DOWD
NOTARY PUBLIC STATE OF INDIANA
LAKE COUNTY
MY COMMISSION EXP. AUG. 17, 2008



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
4TH FLOOR, ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.state.in.us/sboa

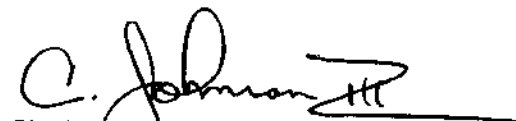
Report No.: B17309
County: Lake
Office Examined: City of East Chicago - City Controller
Period Covered: January 1, 2000 thru December 31, 2000
Amount Due Treasury: \$2,540,158.06
On Account of: Non-public Disbursements \$2,540,158.06
Due From: Mr. George E. Weems
4311 Franklin St.
East Chicago, IN 46312

St. Paul Fire and Marine Insurance
385 Washington Street
St. Paul, MN 55102

TO THE ATTORNEY GENERAL:

The above numbered report having been filed by the State Examiner as a part of the public records of the office examined, as provided by the statutes concerning public accounting, and settlement of the amount of \$2,540,158.06 not having been made by the parties from whom due, I hereby file with you a duly verified copy of said report made by field examiners of the State Board of Accounts, for such proceedings as are contemplated by law, and I hereby certify that the attached report is a true and exact copy of said report on file in the office of the State Examiner.

Dated this 6th day of November, 2001.


Charles Johnson, III, C.P.A.
State Examiner

CJ/MR/mnj

cc: Mr. George E. Weems
St. Paul Fire and Marine Insurance
File



STATE OF INDIANA

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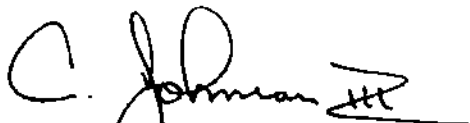
Report No.: B17309
County: Lake
Office Examined: City of East Chicago - City Controller
Period Covered: January 1, 2000 thru December 31, 2000
Amount Due Treasury: \$2,540,158.06
On Account of: Non-public Disbursements \$2,540,158.06
Due From: Mr. Frank Miskowski
4314 Olcott
East Chicago, IN 46312

St. Paul Fire and Marine Insurance
385 Washington Street
St. Paul, MN 55102

TO THE ATTORNEY GENERAL:

The above numbered report having been filed by the State Examiner as a part of the public records of the office examined, as provided by the statutes concerning public accounting, and settlement of the amount of \$2,540,158.06 not having been made by the parties from whom due, I hereby file with you a duly verified copy of said report made by field examiners of the State Board of Accounts, for such proceedings as are contemplated by law, and I hereby certify that the attached report is a true and exact copy of said report on file in the office of the State Examiner.

Dated this 6th day of November, 2001.


Charles Johnson, III, C.P.A.
State Examiner

CJ/MR/mnj

cc: Mr. Frank Miskowski
St. Paul Fire and Marine Insurance
File



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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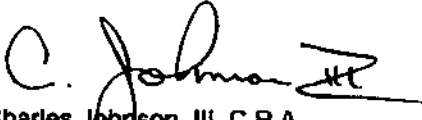
Telephone: (317) 232-2513
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Report No.: B17309
County: Lake
Office Examined: City of East Chicago - City Controller
Period Covered: January 1, 2000 thru December 31, 2000
Amount Due Treasury: \$2,540,158.06
On Account of: Non-public Disbursements \$2,540,158.06
Due From: Mr. Edwardo Maldonado
4135 Wegg Ave.
East Chicago, IN 46312
St. Paul Fire and Marine Insurance
385 Washington Street
St. Paul, MN 55102

TO THE ATTORNEY GENERAL:

The above numbered report having been filed by the State Examiner as a part of the public records of the office examined, as provided by the statutes concerning public accounting, and settlement of the amount of \$2,540,158.06 not having been made by the parties from whom due, I hereby file with you a duly verified copy of said report made by field examiners of the State Board of Accounts, for such proceedings as are contemplated by law, and I hereby certify that the attached report is a true and exact copy of said report on file in the office of the State Examiner.

Dated this 6th day of November, 2001.


Charles Johnson, III, C.P.A.
State Examiner

CJ/MR/mnj

cc: Mr. Edwardo Maldonado
St. Paul Fire and Marine Insurance
File



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

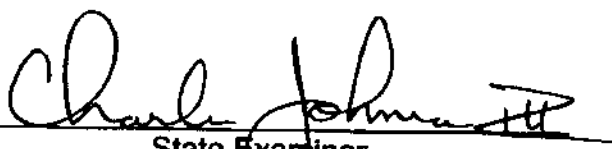
STATE BOARD OF ACCOUNTS
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Fax: (317) 232-4711
Web Site: www.state.in.us/sboa

CERTIFICATE

I, Charles Johnson, III, C.P.A., State Examiner of the State Board of Accounts, hereby certify that the within is a full, true and complete copy of the examiners' report of the examination for said department of the accounts of the City of East Chicago - City Controller, Lake County, Indiana, covering the period January 1, 2000 to December 31, 2000.

Signed November 6, 2001


State Examiner

CJ/mnj

APPENDIX F

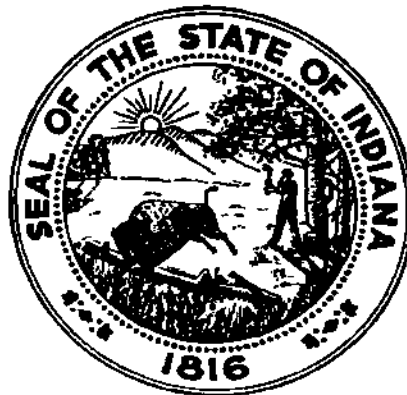
SBOA Audit Report B19026 dated August 14, 2002

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

**AUDIT REPORT
OF**

**CITY CONTROLLER
CITY OF EAST CHICAGO
LAKE COUNTY, INDIANA**

January 1, 2001 to December 31, 2001



✓
Signature Valid

Indiana State Board of Accounts

Digitally signed by Indiana State
Board of Accounts
Date: 2002.08.14 16:58:49 Z
Reason: Document is certified

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Mr. Eduardo Maldonado	01-01-01 to 12-31-02
Mayor	Mr. Robert A. Pastrick	01-01-00 to 12-31-03
President of the Board of Public Works	Mr. George E. Weems	01-01-01 to 12-31-02
President of the Common Council	Mr. Frank Kollintzas	01-01-01 to 12-31-02



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TO: THE OFFICIALS OF THE CITY OF EAST CHICAGO

We have audited the records of the City Controller for the period from January 1, 2001, to December 31, 2001, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of the City of East Chicago, Lake County, for the year 2001.

STATE BOARD OF ACCOUNTS

May 29, 2002

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS

NONPUBLIC DISBURSEMENTS

As stated in prior Audit Report Nos. B14919 and B17309, in 1999 the City began a sidewalk and curb replacement program. The total estimated cost of the program was \$13,879,969. Since the claims submitted by the contractors at that time lacked sufficient detail to determine where the work was performed, we were unable to verify that the sidewalk and curb replacements were on City owned property. Subsequently, the City hired an outside consultant to determine the location of the sidewalks and curbs which were replaced.

Based on the results from the outside consultant, the City entered into informal agreements with seven contractors to pay for the "nonpublic concrete work performed" by each contractor. The following table details the total per agreements, payments made by the City from December 1999 to June 30, 2001, from July 1, 2001, to December 31, 2001, and the amount still owed:

	Total Per Agreement	Payments Made December 1, 1999 to June 30, 2001	Payments Made July 1, 2001 to December 31, 2001	Amount Still Owed
Calumet Concrete and Masonry	\$ 2,169,013.51	\$ 1,632,534.12	\$ 362,785.36	\$ 173,694.03
H & Y Maintenance Co. Inc.	392,909.05	377,874.36	18,429.32	(1,384.63)
A & A Enterprises	260,915.89	207,291.33	43,640.28	9,984.08
Ace Enterprises	54,297.07	54,489.81	-	(192.74)
Residential Construction Services	144,212.20	100,468.44	29,428.08	14,315.68
Dave's Tree Service	200,000.00	130,000.00	70,000.00	-
Calumet Concrete (Trees)	150,000.00	37,500.00	50,000.00	62,500.00
Totals	\$ 3,371,347.52	\$ 2,540,158.06	\$ 572,283.04	\$ 258,906.42

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

IC 5-13-4-20 states, "Public funds" means all fees and funds of whatever kind or character coming into the possession of any public officer by virtue of that office. . . ."

Since the Board of Public Works approved the payments to the contractors for the "nonpublic concrete work performed," we requested the members of the Board of Public Works to reimburse the City \$2,540,158.06 in the prior audit report. Since the Board of Public Works continued to approve the payments to the contractors after the prior audit report, we request the members of the Board of Public Works to reimburse the City an additional \$572,283.04 of public money disbursed for improvements on private property. (See Summary, Page 18)

INTERNAL CONTROLS OVER DEBT PAYMENTS

In 1996 and 1997, the City of East Chicago Redevelopment Department received Section 108 loans from the United States Department of Housing and Urban Redevelopment (HUD). Principal on the two loans totaled \$3,500,000, to be repaid over nine years. After anticipating that the debt payments may not be made in 2001, the Redevelopment Department sent a letter to HUD on September 7, 2000, requesting a deferral and extension of the debt payments. According to City officials, a response was never received from HUD; however, City officials did not do any follow-up inquiries with HUD until questioned by auditors in May 2002.

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

The City did not make the required principal payment of \$500,000 to HUD in August 2001. Since these monies are accounted for through the Redevelopment Department, the City Controller was unaware that the debt payment was not made until receiving notice from HUD.

As of the date of this report, the City has not appropriated funds to make the \$572,140 principal and interest payment due in August 2002.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-5)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-7)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

CONDITION OF RECORDS - CELL PHONE USAGE REIMBURSEMENTS

The City issued cell phones to various City employees until they were canceled in January 2001. The City engaged an accounting firm to determine the amount of unauthorized calls made prior to the cancellation date. In April 2001, the City notified each employee of their respective cell phone charges. Each employee was given an opportunity to view and verify the total amount assessed. The amount deemed to be the responsibility of the employee was required to be reimbursed to the City. The City gave the employee the option of either a one-time payment or to sign a promissory note for voluntary wage withholding with the balance due within two years.

During our audit we noted that many of the repayments made by employees were receipted into the wrong fund. Internal controls are not in place to track payments made by the employees. We made numerous requests from city officials for a detail of employee payments and balances due; however, neither were provided for audit.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-10)

OVERDRAWN CASH AND FUND BALANCES/RETAINED EARNINGS

As stated in prior Audit Report Nos. B14919 and B17309, the following funds had overdrawn cash and/or fund balances/retained earnings at December 31, 2001:

<u>Fund</u>	<u>Cash Balances</u>	<u>Fund Balances/ Retained Earnings</u>
General Fund	\$ -	\$ 41,658
Special Revenue Funds:		
Public Transportation	375,845	33,670
Women, Infants, and Children (WIC)	73,131	29,732
Government Youth Program	-	3,983
Community Health Center	231,279	231,279
E.C. Government Services Cooperative	13,067	13,067
Debt Service Funds:		
Corporation Bond and Interest	41,822	41,822
Park Bond and Interest	1,138	-
Redevelopment Bond and Interest	8,480	5,999
Enterprise Funds:		
Water Utility	2,549,310	-
Internal Service Funds:		
Communication Revolving	12,770	-
Gasoline Revolving	-	53,829
Utilities Revolving	-	85,784
Employee Hospital, Life, and Workman's Compensation	-	279,638
Facilities Building Corporation	-	166,982
Agency Funds:		
Healthy Start	592,301	-

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

DISBURSEMENTS IN EXCESS OF AVAILABLE APPROPRIATIONS

The records presented for audit indicated the following disbursements in excess of budgeted appropriations:

<u>Fund/Department</u>	<u>Excess Amount Disbursed</u>
General Fund:	
City Clerk	\$ 1,083
Special Events	<u>18,748</u>
General Fund Total	<u>\$ 19,831</u>
Special Revenue Funds:	
Park and Recreation Revolving	<u>\$ 70,146</u>

A similar audit result and comment has appeared in the prior Audit Reports No. A92046, A95354, A98015, B00330, B03895, B07294, B09579, B12023, B14919, and B17309.

IC 6-1.1-18-4 states in part: "... the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

APPROPRIATION TRANSFERS BETWEEN DEPARTMENTS

The City Controller transferred appropriations between various departments within the General Fund during 2001. These interdepartmental transfers were not approved by the State Board of Tax Commissioners.

When proposing transfers from one department or office to another, in addition to an ordinance of the town council or common council authorizing such transfer, advertising to the taxpayers and prior approval of the State Board of Tax Commissioners is required. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 4-6)

Pursuant to IC 6-1.1-18-6, all cities and towns using departmental budgets may, by ordinance or resolution, transfer appropriations from one major budget classification to another within a department or office at any regular public meeting without prior notice and without approval from the State Board of Tax Commissioners, provided such transfer does not necessitate expenditure of more money than the total amount set out in the budget. All such transfers shall be certified to the county auditor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 4-6)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

BUDGET APPROPRIATIONS

On September 14, 2000, the Common Council adopted Ordinance No. 0-00-0021, establishing the 2001 budget appropriations for tax supported funds. In addition to these funds, the City is also required to appropriate funds for other various city funds. The Council established the 2001 budget appropriations for these funds via Ordinance No. 0-01-0046. However, this ordinance was not approved until January 2, 2002, after the end of the budget year.

The law and the uniform system provides that no disbursement shall be made except as authorized by an appropriation contained in the budget or in a subsequent modification of the budget. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 5-1)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

OLD CLAIMS PAID WITH CURRENT APPROPRIATIONS

During the review of accounts payable at year end, it was noted that in 2002 the City paid invoices which were dated 1999 and 2000 from current appropriations.

Every effort should be made by the Clerk-Treasurer and other city or town officials to have bills and claims presented before the end of the year, so that such items shall be charged to the appropriation and disbursement account of the year in which the service or commodity was supplied.

A claim of a prior year may be paid in the following year if the prior year's appropriation is properly encumbered and there are sufficient funds available. In order for funds to be encumbered, there must be an outstanding purchase order or contract that supports each encumbered item.

The carry-over of a large amount of unencumbered and unpaid claims will necessitate getting an emergency appropriation for the specific purpose of paying prior years claims. It is emphasized statutes prohibit obligations being incurred prior to appropriations and funds being available. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Pages 4-5 and 4-6)

DONATIONS TO OTHER GOVERNMENTAL ENTITIES

The Northwest Indiana Health Department Cooperative (Cooperative) is a separate legal entity, of which the East Chicago City Controller is the fiscal officer. The Cooperative's funds are accounted for in the City Controller's records and bank account. During 2001, the City Controller transferred \$318,137.54 of City of East Chicago money to the Cooperative's funds. Since the transfers were not considered loans by the City and they were made to a separate legal entity, the transfers are actually donations to the Cooperative. State statute does not allow for disbursements to other governmental units without an interlocal agreement between the units. No interlocal agreement exists between the City and the Cooperative for these disbursements.

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-6)

POSTING ERRORS

Interfund receivables and payables totaling \$36,424 were recorded at December 31, 2001, to account for prior posting errors which had not yet been corrected.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

UNTIMELY PAYMENT OF INVOICES

During our audit of the claims process, we noted that twenty-one of the sixty claims (35%) tested were paid more than thirty-five (35) days after the date of the invoice.

Timely payment is defined, with some exceptions, to occur if "... a check or warrant is mailed or delivered on the date specified for the amount specified in the applicable contract documents, or, if no date is specified, within thirty-five (35) days of receipt of goods or services, or receipt of a properly completed claim ...". (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 61-45)

UNTIMELY REMITTANCES

During our review of withholding remittances, it was noted that thirteen of the twenty quarterly PERF remittances for the Civil City, Waterway Management, Water Utility, Police Department, and Fire Department were filed late. Payments were found to be made up to ninety days after the due date.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-7)

TRAVEL CLAIMS AND CREDIT CARD POLICY

The City of East Chicago adopted rules and regulations governing the reimbursement of travel and business expenses under Ordinance Nos. 3550 and 01-0044. A review of the travel claims and credit card payments revealed the following:

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

1. Nine out of fourteen, or 64%, of credit card claims reviewed were made without proper supporting documentation such as original receipts.
2. Nine out of ten, or 90%, of travel claims reviewed did not contain the required signatures.

Reimbursement for lodging and meals, should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Manual for Cities and Towns, Page 51-12)

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-5 and 51-6)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

ORDINANCES AND RESOLUTIONS

The City has trust agreements concerning the Redevelopment Bonds of 1986 and Park Bonds of 1986 capital projects funds. The funds have been dormant since October 8, 1993, and March 1, 1991, respectively. Both agreements state: "Any balance remaining in the Construction Fund after payment of all claims shall be transferred to the City Controller for deposit in the Redevelopment Bond and Interest and Park Bond and Interest Fund, respectively." However, the City has not closed out the capital projects funds.

Each government unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

BOND ANTICIPATION NOTES REQUIREMENTS

In 1999, the City sold Bond Anticipation Notes (BAN's) to finance capital improvements. Per the BAN, the City was to create a Revenue Fund in which "All Gaming Revenues received by the City are to be deposited in the Revenue Fund." On the last day of each month the City shall transfer all of the Gaming Revenues from the Revenue Fund to the Sinking Fund until the balance in the Sinking Fund equals the principal of and interest due on the BAN's on the next payment date plus any fiscal charges. When such balance is attained, all Gaming Revenues shall be transferred to the Gaming Special Revenue Fund.

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

The City did not create a Revenue Fund to deposit all gaming revenues received in 2001. The City deposited all gaming revenue to their Showboat Special Revenue Fund. The City did not make monthly transfers from the Showboat Special Revenue Fund into the BAN and Interest 1999 Fund, the BAN's sinking fund. The City made one transfer in May 2001 for the payment due July 1, 2000. The City made another transfer in October 2001 for the payment due January 1, 2002. The BAN was paid off early in October 2001.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-9)

**INTERNAL CONTROLS OVER GASOLINE REVOLVING
AND COMMUNICATIONS REVOLVING FUNDS**

The City of East Chicago does not accurately monitor payments made by the various city departments for their gasoline and communication allocations. Due to these inefficiencies, overpayments were made by various city departments without the knowledge of city officials. Overpayments of \$41,692 and \$7,688 were made to the Gasoline Revolving and Communications Revolving Funds, respectively, in 2001.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

CONDITION OF RECORDS OF COMMUNICATIONS REVOLVING FUND

As stated in prior Audit Report No. B17309, the financial records presented for audit were incomplete and not reflective of the activity of the Communications Revolving Fund. The allocations which were made to departments and other entities did not agree to records which reflected actual costs. In addition, department names are not consistent between the allocation worksheets, making it difficult to accurately compute each department's allocation. Neither a detail of client billings nor an accurate detail of accounts receivable ledger for 2001 was provided for audit.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

COMPENSATION

The East Chicago Sanitary District and East Chicago Water Departments have resolutions setting salaries and wages for 2001. These resolutions provided compensation to various city officials and employees connected with the operation of the District and the Department. This compensation is in addition to compensation these individuals receive from the City. However, the resolutions did not receive approval by the East Chicago City Council after being passed by the utilities. A similar audit result and comment appeared in prior Audit Reports B09579, B12023, B14919, and B17309.

IC 36-4-7-4 states: "(a) Subject to the approval of the city legislative body, the city executive may provide that city officers and employees receive additional compensation for services that: (1) are performed for the city; (2) are not governmental in nature; and (3) are connected with the operation of a municipal utility or function. (b) Subject to the approval of the executive and legislative body, the administrative agency operating the utility or function shall fix the amount of additional compensation, which shall be paid from the revenues of the utility or function."

PAYROLL

We noted the following during our audit of the payroll process:

1. The City employs six chaplains for pastoral duties within the police department. The chaplains' salaries are not outlined on the salary ordinance. Rather, the chaplains are paid the amount allocated for a clerk.
2. Timesheets for the police department and the utilities are not being signed by the department head/supervisor.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-1)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Page 51-8)

**CITY CONTROLLER
CITY OF EAST CHICAGO
EXIT CONFERENCE**

The contents of this report were discussed on June 6, 2002, with Mr. Edwardo Maldonado, Controller; Mrs. Kimberly Anderson, Deputy Controller; Mr. Frank Kollintzas, Common Council President; Mr. Donald Koliboski, Councilman; and Mr. George Weems, Director of Finance. The official response has been made a part of this report and may be found on Pages 14 through 17.

**City of East Chicago
Audit Results and Comments
For Year Ended December 31, 2001**

Nonpublic Disbursements

As stated in the City's response to the Supplemental Audit Results and Comments for the Year Ended December 31, 2000 (incorporated by reference) again the City disagrees with this comment. The City's reasons were clearly outlined in correspondence last year, which included a letter from Ice Miller, an Indianapolis based law firm from whom a supporting legal opinion was obtained. It is the City's opinion, and that of Ice Miller, that the cited disbursements qualified for disbursements from the expendable trust fund that is administered by the City Controller on behalf of the City.

Internal Controls Over Debt Payments

The City did make the principal payment of \$500,000 which was due on 8/01/01 as a request was made September 7, 2000 to HUD for a deferment. HUD did not honor the request and subsequently decreased the 2000 CDBG entitlement grant on 8/21/01 and 9/21/01 for amounts totaling \$500,000 for the unpaid principal. The Mayor's office was notified as a result, and the Department of Redevelopment will establish and fund an activity in IDIS to reflect HUD's payment of the Section 108 loan principal payment of \$500,000. Correspondence dated April 24, 2002 addressing the possible restructuring of the repayments to HUD and extension of loan to the maximum repayment period was sent. If no action is taken by HUD to this effect future payments will come out of future allocations or other funding source.

A memorandum has been sent to the City of East Chicago's Mayor's Office addressing correspondence received by the Mayor's Office regarding any Housing or Redevelopment issues. Any and all correspondence received will be copied and sent to both the Department of Redevelopment and the Controller's Office.

Condition of Records-Cell Phone Usage Reimbursements

The City regrets the occurrence of this matter. The Controller's Office has assigned the duty of accounting for this matter to a Staff Accountant. This employee will develop the suggested detail employee payment and receivable listing and the City will actively pursue collection of amounts due.

Overdrawn Cash and Fund Balances/Retained Earnings

All of these funds participate in the City's pooled bank account and the bank account balance was never overdrawn during 2001. The Controller's Office made the reduction of the number of overdrawn funds a priority last year and believe that such effort is reflected in the results of this year's current year-end position. In addition, we believe some of the overdrawn positions directly related to the reimbursable nature of the fund for activity for which the overdrawn position is a matter of timing.

**City of East Chicago
Audit Results and Comments
For Year Ended December 31, 2001**

Disbursements in Excess of Available Appropriations

In 2000 the City Controller implemented budget constraints that were designed to prohibit disbursements in excess of available appropriations. However, the City Clerk, being an elected official, chose to not follow the same constraints put in place for other City departments. The Office of Special Events exceeded appropriation due to an error on the final reappropriation ordinance of the fiscal year ended December 31, 2000 that was not discovered until it was too late to formally re-appropriate funds. With respect to the Park & Recreation Revolving Fund, procedures will be implemented in 2002 to ensure appropriations will be adopted that are sufficient for approved disbursements.

Appropriation Transfers Between Departments

The City recognizes that approval from the State is required for appropriations transferred between departments in the general fund. In this situation, the City followed proper procedure regarding the filing of an ordinance, advertising to the taxpayers and approval by Common Council. However, the City was not able to meet the State's timing requirements to enable State Board of Tax Commissioners approval prior to year-end. The City will implement changes in the timing of year-end ordinances so that it complies with State filing requirements.

Budget Appropriations

It was the City's intention to budget any and all funds that require appropriations. In the City's effort to ensure all such funds were budgeted, and budgeted sufficiently to authorize disbursements to be made, the information needed was not developed in sufficient time for timely adoption by the City Council. However, the City Council did take immediate action in 2002 to approve an appropriation ordinance as documentation of the City's intent.

Old Claims Paid with Current Appropriations

The City will continue to improve their efforts in the timely payment of invoices. Departments will be notified to submit bills and claims before the end of the year and to ensure purchases and commitments are only made to the extent of available appropriations. The City believes 1999 and 2000 were years with fiscal situations that resulted in the 2001 situation noted that should not re-occur in 2002.

Donations to Other Governmental Entities

The City will investigate further in 2002 the intent of the referenced transfer and, if appropriate, execute in 2002 an inter-local agreement with the entity cited regarding the transfer cited.

**City of East Chicago
Audit Results and Comments
For Year Ended December 31, 2001**

Posting Errors

The City made a concerted effort in 2001 to avoid posting errors. However, the 2000 posting errors noted were corrected in 2001 and the 2001 posting error that was inadvertently omitted will be corrected in 2002.

Untimely Payment of Invoices

Certain factors outside the City's control in 2000 resulted in a need by the City to carefully monitor the City's cash balance for warrant processing in 2001. It is the City's intent to pay obligations in a timely and appropriate manner, to the extent of available cash.

Untimely Remittances

During 2001 the State PERF office changed their reports and as a result of these changes, they were late in submitting their reports to the City. Payments were made within a reasonable time after the City received reports from PERF.

Travel Claims and Credit Card Policy

The City regrets the high percentage of credit card claims without proper supporting documentation such as original receipts. The Controller's Office has instructed its personnel to closely monitor all travel claims and credit card policies to ensure this does not occur in the future. In addition a memorandum will be forwarded to all departments outlying the travel and credit card policies.

Ordinance and Resolutions

As has been conveyed by the City in prior years, the City has been assessing the ability to utilize these funds for City needs that would qualify for funding from these available funds. The City recognizes the need to either expend these funds for purposes authorized by the respective bond ordinances or comply with State fund disposition requirements with respect to the close out of capital projects funds.

Bond Anticipation Notes Requirements

The City agrees that it did not transfer funds into sinking fund as designed. However, the City did not disburse any monies from the Gaming Special Revenue Fund prior to having sufficient balance for the required bond and interest payments and made all bond and interest payments when due and in the amount due.

Internal Controls over Gasoline Revolving and Communications Revolving Funds

**City of East Chicago
Audit Results and Comments
For Year Ended December 31, 2001**

The City takes exception to the suggestion costs were not monitored or reasonably allocated. However, the City acknowledges that some City departments evidently did not understand the importance of timely payment processing. The allocation process that was designed to ensure all revolving fund costs were allocated to a user department. To minimize the opportunity for unintended accounting and allocation errors, all Gasoline Revolving Fund and Communications Revolving Fund costs will be processed for payment by the Controller's Office and allocated to a monitor and control usage related costs.

Condition of Records of Communications Revolving Fund

The Controller's Office disagrees that records were incomplete and not reflective of fund activity. However, the Controller's office agrees allocation worksheets and detail provided for audit did not facilitate the audit process. The Controller's office will implement procedures in 2002 to ensure the City records for this fund complies with State Board of Accounts guidelines.

Compensation

City officials will change adoption procedures and process timing involving the salaries and wages of all employees and officials to ensure consideration by one legislative body of detail adopted by another legislative body is in appropriate sequence to incorporate such action.

Payroll

The City's Chaplains have been included as such in the 2002 Salary & Wage Ordinance and the City regrets this unintended oversight. All Departments have been notified of procedures and requirements for proper signing of timesheets.

CITY CONTROLLER
CITY OF EAST CHICAGO
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Members of the Board of Public Works:			
Mr. George E. Weems			
Mr. Edwardo Maldonado			
Mr. Frank Miskowski			
Nonpublic Disbursements, Page 4	<u>\$ 572,283.04</u>	<u>\$ -</u>	<u>\$ 572,283.04</u>

AFFIDAVIT

STATE OF INDIANA)
)
Lake COUNTY)

We, Mr. Robert K. James and Ms. Bernadette M. Fortuna, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the City of East Chicago, Lake County, Indiana, for the period from January 1, 2001, to December 31, 2001, is true and correct to the best of our knowledge and belief.

Robert K. James

Bernadette M. Fortuna
Field Examiners

Subscribed and sworn to before me this 29 day of July, 2002.

Barbara J. Bortoli
Notary Public
BARBARA J. BORTOLI
Notary Public, State of Indiana
County of Lake
My Commission Expires 05/19/2008

My Commission Expires: 5-18-08

County of Residence: LAKE



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
4TH FLOOR, ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

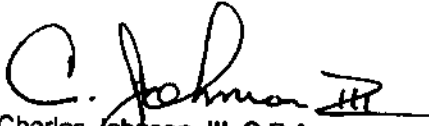
Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.state.in.us/sboa

Report No.: B19026
County: Lake
Office Examined: City of East Chicago, Controller
Period Covered: January 1, 2001 to December 31, 2001
Amount Due Treasury: \$572,283.04
On Account of: Non-public Disbursements \$572,283.04
Due From: Mr. Edward Maldonado
4135 Wegg Ave.
East Chicago, IN 46312
St. Paul Fire and Marine Insurance Co.
385 Washington St.
St. Paul, MN. 55102

TO THE ATTORNEY GENERAL:

The above numbered report having been filed by the State Examiner as a part of the public records of the office examined, as provided by the statutes concerning public accounting, and settlement of the amount of \$572,283.04 not having been made by the parties from whom due, I hereby file with you a duly verified copy of said report made by field examiners of the State Board of Accounts, for such proceedings as are contemplated by law, and I hereby certify that the attached report is a true and exact copy of said report on file in the office of the State Examiner.

Dated this 14th day of August, 2002.


Charles Johnson, III, C.P.A.
State Examiner

CJ/MR/mnj

cc: Mr. Edward Maldonado
St. Paul Fire and Marine Insurance Co.
File



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
4TH FLOOR, ROOM E418
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Telephone: (317) 232-2513
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Web Site: www.state.in.us/sboa

Report No.: B19026
County: Lake
Office Examined: City of East Chicago, Controller
Period Covered: January 1, 2001 to December 31, 2001
Amount Due Treasury: \$572,283.04
On Account of: Non-public Disbursements \$572,283.04
Due From: Mr. Frank Miskowski
4314 Olcott
East Chicago, IN 46312
St. Paul Fire and Marine Insurance Co.
385 Washington St.
St. Paul, MN. 55102

TO THE ATTORNEY GENERAL:

The above numbered report having been filed by the State Examiner as a part of the public records of the office examined, as provided by the statutes concerning public accounting, and settlement of the amount of \$572,283.04 not having been made by the parties from whom due, I hereby file with you a duly verified copy of said report made by field examiners of the State Board of Accounts, for such proceedings as are contemplated by law, and I hereby certify that the attached report is a true and exact copy of said report on file in the office of the State Examiner.

Dated this 14th day of August, 2002.


Charles Johnson, III, C.P.A.
State Examiner

CJ/MR/mnj

cc: Mr. Frank Miskowski
St. Paul Fire and Marine Insurance Co.
File



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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Telephone: (317) 232-2513
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Web Site: www.state.in.us/sboa

Report No.: B19026
County: Lake
Office Examined: City of East Chicago, Controller
Period Covered: January 1, 2001 to December 31, 2001
Amount Due Treasury: \$572,283.04
On Account of: Non-public Disbursements \$572,283.04
Due From: Mr. George Weems
4311 Franklin Drive
East Chicago, IN 46312
St. Paul Fire and Marine Insurance Co.
385 Washington St.
St. Paul, MN. 55102

TO THE ATTORNEY GENERAL:

The above numbered report having been filed by the State Examiner as a part of the public records of the office examined, as provided by the statutes concerning public accounting, and settlement of the amount of \$572,283.04 not having been made by the parties from whom due, I hereby file with you a duly verified copy of said report made by field examiners of the State Board of Accounts, for such proceedings as are contemplated by law, and I hereby certify that the attached report is a true and exact copy of said report on file in the office of the State Examiner.

Dated this 14th day of August, 2002.


Charles Johnson, III, C.P.A.
State Examiner

CJ/MR/mnj

cc: Mr. George Weems
St. Paul Fire and Marine Insurance Co.
File



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

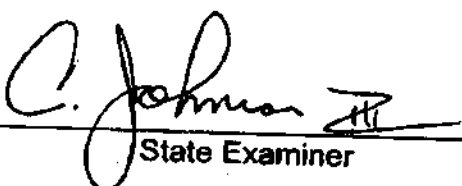
STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
4TH FLOOR, ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.state.in.us/sboa

CERTIFICATE

I, Charles Johnson, III, C.P.A., State Examiner of the State Board of Accounts, hereby certify that the within is a full, true and complete copy of the examiners' report of the examination for said department of the accounts of the City of East Chicago, Controller, Lake County, Indiana, for the period January 1, 2001 to December 31, 2001.

Signed August 14, 2002



State Examiner

CJ/mnj